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OFFICE OF GOVERNMENT ETHICS' REVIEW OF THE ATTORNEY GENERAL'S FINANCIAL DISCLOSURE

HEARING

BEFORE THE

SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

JULY 9, 1987

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OFFICE OF GOVERNMENT ETHICS' REVIEW OF THE ATTORNEY GENERAL'S FINANCIAL DISCLOSURE

THURSDAY, JULY 9, 1987

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT
OF GOVERNMENT MANAGEMENT,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:43 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Carl Levin, Chairman of the Subcommittee, presiding.

Present: Senators Levin, Chiles, Roth, and Stevens.

Staff Present: Linda J. Gustitus, staff director and chief counsel; Charlene W. Simmons, professional staff member; Peter K. Levine, counsel; Frankie de Vergie, chief clerk; Kim Corthell, Andrew Pollack, minority professional staff members; Joel Schreier and John Parker, interns.

OPENING STATEMEMT OF SENATOR LEVIN

Senator LEVIN. Good morning, everybody.

This hearing has been called to examine and to hopefully clarify the role of the Office of Government Ethics and the Department of Justice Ethics Officials, as well as the Attorney General, in the preparation, filing and review of Mr. Meese's financial disclosure forms and his recusal agreement.

While the Attorney General made an effort last Monday to make public the facts behind his limited blind partnership, entitled Meese Partners, which he entered into with the corporation owned by Franklyn Chinn, many questions remain which this hearing will hopefully answer.

The Ethics in Government Act, passed by Congress in 1978, was an answer to the perfidy of the Watergate scandal. At that time, the public's trust in our Government hung in the balance. It was decided by Congress that a comprehensive statute was required to bring ethical order out of the perceived unethical chaos. High public officials were required to disclose their financial holdings so as to allow the public to judge possible conflicts of interest. The Office of Government Ethics was established to oversee this disclosure requirement and to enforce the standards of ethical conduct required by statutes and the long-standing 1965 Executive Order. In addition, the Act established the independent counsel process for

the unbiased criminal investigation and prosecution of senior government officials close to the President.

The need for this statute has not lessened. Indeed, the details being exposed in the Iran/contra affair only underline the importance of keeping our Federal officials within the parameters of the law and excluding self-interest and personal gain, or the appearance thereof, from decisions of public policy.

The purpose of the disclosure provisions is simple and uncomplicated: to make available to the public information about the financial interests of senior Government officials in order to both avoid and to permit the public to identify conflicts of interest.

What has apparently become somewhat complicated, and unnecessarily so, may I add, is the execution of that purpose, with the various financial arrangements that may be available to an individual. That is why, in part, the Office of Government Ethics was created—to serve as a guide that Federal employees can follow to make sure that the appropriate procedures are followed and to make the appropriate decisions on matters involving the Ethics in Government Act and the standards of conduct. It is incumbent upon the Federal employee to take advantage of the services and advice provided by the Office of Government Ethics, and it is incumbent upon the Office of Government Ethics to be vigilant in identifying acts of non-compliance. Moreover, the employee must certify that the statements made on the form that he fills out are true, complete and correct to the best of that employee's knowledge and belief.

The Ethics in Government Act states, at Section 202(f)(1), that an individual shall report "the holdings of and the income from a trust or other financial arrangement from which income is received" unless it meets the very restrictive exceptions in the statute. Those exceptions require the approval of the Office of Government Ethics. The Attorney General, on May 23, 1985, formed what he called a "limited blind partnership"—entitled Meese Partners—with a company owned by W. Franklyn Chinn. While he reported the Chinn company, not Meese Partners, as a limited blind partnership on his financial disclosure form, he did not disclose the various items purchased and sold by and for the partnership as required by the statute. Such reporting of stock transactions was required because the partnership had not been approved as an exception to the reporting requirement.

Mr. Meese also left Meese Partners off the list of his holdings on his recusal agreement although he had acquired that partnership just one day before he signed that recusal agreement.

This morning we are going to address questions to David Martin, who is the Director of the Office of Government Ethics, to determine, among other things, why the entity, Meese Partners, and the failure of the Attorney General to report the holdings of Meese Partners, was not questioned by the Office of Government Ethics until late April of this year; whether or not Mr. Meese's recusal agreement was or should have been reviewed by the Office of Government Ethics; and just what steps the Office of Government Ethics took or should have taken in reviewing and commenting on Mr. Meese's financial disclosure form and recusal arrangement.

This afternoon, we will address questions to the Attorney General, Mr. Meese, and the Deputy Attorney General, Arnold Burns, the individual who had the responsibility for reviewing Mr. Meese's financial disclosure form.

Mr. Martin, we welcome you and ask that you would come forward.

TESTIMONY OF DAVID H. MARTIN, DIRECTOR, OFFICE OF GOVERNMENT ETHICS, ACCOMPANIED BY JANE LEY, STAFF ATTORNEY

Mr. MARTIN. Good morning, Senator Levin.

Senator LEVIN. Good morning. Do you have an opening statement?

Mr. MARTIN. I do not have a prepared opening statement, but I have an unprepared statement which I would like to share with you.

Senator LEVIN. All right.

Mr. MARTIN. It may take a minute or so longer than your normal ten minutes, but I ask your indulgence in that.

Senator LEVIN. Please proceed.

Mr. MARTIN. First of all, I would like to thank you for inviting me to appear here to clear the air on a lot of, I think, misrepresentations and allegations that have been made about a lot of people involved in this. And I want to commend you personally for acting responsibly and professionally when you received information from me back in May, almost two months ago, about the status of this matter and were allowing us to proceed in our normal procedure.

At the same time, I feel compelled to publicly criticize those who have instead chose to politically grandstand, and I think for their own personal purposes. To that end, I think our normal procedures and process have been interrupted.

I have to say I am distressed at a number of the allegations, and some of them personally challenging and questioning my integrity. But my distress runs to a term that has come up in the press and used by some people, and it is the word "violation."

I really have to say that in the reporting and disclosure aspects of the Ethics in Government Act, the term "violation" should not be used because it is a tool, a financial disclosure tool to determine if there is a conflict of interest.

There are many, many inaccuracies, errors and misstatements in virtually every financial disclosure that we review that comes through our office in the nomination process. In the process of reviewing annual financial statements, it is our best estimate that at least 70 percent of them require some action by our analysts to go back to the designated agency ethics official and find information. So in that process, to call an error, a misstatement or inaccurate reporting a violation is truly a misrepresentation and, I think, inaccurate.

But reporting does raise issues about the basic principles and the purposes behind the Ethics in Government Act. The Act, as you said, Senator, does mandate full public disclosure to preserve and promote public confidence in the integrity of Federal officials through the reporting of their private sector financial holdings.

The Act does not contemplate that a filer should create his or her own blind trust because it would not provide—it might require disclosure if that filer creates his own blind trust, and it would not provide any statutory protections from the conflicts of interest envisioned in the blind trust provisions of the Ethics in Government Act—although I must say there is no strict prohibition from that attempt.

And as you indicated, Senator, Section 202(f)(1) of the Act provides that all the holdings and sources of income shall be reported unless there is a qualified trust involved or an excepted trust. An excepted trust is defined in the Act as one in which the filer was not active in the creation of the trust, and the filer has no knowledge of the holdings in that trust.

Normally, Senator, two years ago or maybe three years ago, when I first arrived on the job, I of course had to fill out a financial disclosure. It was called the "green monster" then. I determined that the instructions on it were inadequate, misleading, and really deficient. So I created a new form, labored with my staff for over six months, and new instructions.

Based on that, we normally would not expect the users of our form, with its instructions, to have to resort to any extensive legal analysis on the basic issue of what disclosure should be. The instructions contain extensive instructions on what a filer's responsibilities are.

I want to read to you from those instructions, Senator. In three different places these kind of instructions appear. In the case of holdings that are essentially non-public—such as private trades or business investment pools or other private investment vehicles—sufficient disclosure must be made to give reviewers—that is, the agency ethics official—an adequate basis for the conflicts analysis required by the Act. That is, enough information must be disclosed to determine if there are any conflicts by the filer vis-a-vis the job he is going to do.

The reporting of financial interests stops at the level at which the specific nature of the investment is adequately described, so that there can be an evaluation of whether there is a prohibited nexus with the official's Government responsibility, or it stops where an entity is named, such as a mutual fund which can be readily consulted in manuals to determine their nature.

Now, as part of our continuing awareness program in our training requirements in the Ethics in Government Act, we distribute quarterly an ethics newsgram. I want to quote from a November 1985 issue that we distributed to all designated agency ethics officials, all inspector generals, and all interested parties.

I quote: "Frequently, we see references to non-public corporations, partnerships, trusts, IRAs, private investment holdings and other oblique interests with no explanation as to what trades, business or underlying investments attributable to the reporting individual because of such involvement. The FS 278"—that is the financial disclosure form—"should be considered incomplete as it does not contain sufficient information in detail to comply with the disclosure standards or to serve as an adequate basis for the review process."

So what I am saying to you, Senator, is that the instructions, the law, the regulations, and our education program, I think, have served to advise filers of their obligation. I am very pleased with our efforts in that regard and positive about them.

Now, in your letter inviting me to testify, you wanted to know about what our procedures were at the Office of Government Ethics for reviewing annual statements. Let me share that with you now, and then share with you the specific procedures and events that occurred with the analysis and review of Mr. Meese's annual financial statement.

I submit a memorandum to all designated agency ethics officials, usually in March of any given year—I did in March of 1986—requesting them to file with our office all of the financial reports that they have reviewed by September 15th of that year. So in March I advise them, look, do your review in 60 days; get them to us by September 15th. It rarely occurs that that happens with all agencies. Most agencies do not meet that deadline.

When the reports are received in my office, they are recorded in a computer and an instruction review paper is put on it. It is sent to a management analyst. I have nine management analysts. Their job is to review and monitor agency ethics programs, to review nominee statements, annual financial statements, and to ensure that the ethics programs in the various agencies that they are responsible for are ongoing.

One of these analysts, as a part-time job, my analysts review these annual statements. We try to do that, and we do take the initial cut within 60 days. If problems are noted or further agency action is required, our normal procedure is to have that analyst go back to the agency ethics official, which is done, as I said, in 70 percent of the annual filings made in our office.

If there is a problem and the management analyst is not sure of the answer to the problem or cannot deal with it on his own, he or she contacts one of the attorneys in the office. The attorney either advises him how to deal with it or that there is a problem, or sometimes the attorney will actually undertake to resolve the problem himself.

Once all the problems are either resolved or information is obtained, the report is forwarded to the chief of the Monitoring and Compliance Division—that is, the manager for all these management analysis—for further review. If he notes problems, it goes back to the analyst. If he does not, he authorizes it to be certified as required by the Ethics in Government Act.

The disclosure reports of Cabinet members and White House officials are always forwarded to an attorney for review and approval; that is, for those people it is a two-level review initially. Now, delays do occur in a number of ways. I have mentioned the agencies are not always responsive in sending them to us timely. My analysts, of the nine I have, I estimate that three-and-a-half man years are spent annually on reviewing only the annual filings. And agencies, I have to tell you, Senator, are slow in responding to our requests for additional information.

Now, we have developed as a result of this and—it is interesting—other problems an expedited treatment for certain individuals: Cabinet members, White House. I have now decided that they

should go into my deputy. He reviews them initially, forwards them immediately to one of the senior attorneys on my staff who handles all the trusts, and then goes to a management analyst for review.

Now, I have said it takes approximately three-and-a-half man years to review these annual statements, and there are between—oh, I guess, close to a thousand a year. There are 300 nominee statements in 1986 and 1987, each year, that we have reviewed also. But as to the annual reports, it takes about 106 days on the average, from the time the report is received in my office until it is approved. Now, some take much longer, up to a year, even, but that is the average of all that come in for annual review.

Now, as a result of these statistics and our reviews, I have, of course, recommended that the office be increased, have additional staff, and I hope to get seven new additional positions for the next fiscal year; and, if I am lucky, maybe 12 additional. But I certainly would appreciate your help in that effort.

Now, let me get to the chronology of events with regard to Mr. Meese's financial disclosure which was due on May 15, 1986. The Department of Justice forwarded in bunches their financial disclosure reports. We received 96 of them on July 18, and 31 others on September 29, including the Attorney General's. I had, of course, advised everyone earlier that they should be to our office by September 15th.

The 278 was processed routinely. It went to a management analyst after clearing our computer and administrative process. He commenced his review—I think on November 17—within the 60-day period, and he noted a number of problems on the 278 that needed clarification. He consulted with an attorney in regard to most of them, and he resolved some of them himself, including a number of gift problems, a number of problems related to the status of certain foundations, whether they were 501(c)(3) organizations or not.

On November 21st, he discussed problems that he saw with an attorney on our staff. That attorney contacted a Department of Justice staff attorney about some of these problems, and they resolved some of them.

The management analyst noted the limited blind partnership, but incorrectly—and I have to admit this—incorrectly assumed that it was a pooled arrangement or similar to an excepted trust, which I described earlier, and did not raise it with an attorney and did not raise it with anyone on my staff.

The attorney who reviewed it did not raise questions about it, so it did not become a red flag to me until April of this year when I received telephone calls, I think, from either reporters or other people in Government advising me that there was a problem with this limited blind partnership and some connection with Wedtech.

At that point in April, I sent a letter to the Department of Justice and requested that they forward to me the underlying documents. My thinking at that point was, okay, somebody has to make an initial analysis to determine—make the conflicts review. My reasoning was if the underlying documents revealed adequate information to make a conflicts analysis, the analysis would stop

there. So I requested the Department of Justice to forward to me the underlying documents.

If the underlying documents did not afford enough information to make a conflicts analysis, then disclosure of the entire assets in the limited blind partnership would be required pursuant to our regulations. So I asked for the documents from the Department of Justice, and I think telephonically said, "You please make your analysis, too."

At that time, I was advised that the Department of Justice was undertaking its threshold review to see if an independent counsel should also look at this matter. Deputy Attorney General Arnold Burns so advised me that that was the case, and pursuant to my policy, I advised Janis Sposato, the deputy designated agency ethics official, of that determination—I think she already knew it—and she responded to me in a letter saying, "This confirms our understanding of your policy that you defer to a criminal or other investigation and would not pursue it."

And so that is how the matter stood when I responded to your letter—your April letter, I think—asking for information about the status of that limited blind partnership. And you received that information on May 11th. I also responded to other inquiries.

Senator LEVIN. Let me just stop you right there. I am going to have to go and vote in a moment.

Is it your policy not to pursue the information that you sought if it had been voluntarily offered to you by the Department of Justice? You asked them for the underlying document.

Mr. MARTIN. I did.

Senator LEVIN. Let us assume they just sent them to you.

Mr. MARTIN. Oh, I would have accepted them. I certainly would have. But I think——

Senator LEVIN. Would you have reviewed them if you——

Mr. MARTIN. Oh, absolutely. Absolutely.

Senator LEVIN. But why did they not send them to you? Did they tell you?

Mr. MARTIN. Why did they not?

Senator LEVIN. Why did they not send them to you?

Mr. MARTIN. Well——

Senator LEVIN. You asked for them.

Mr. MARTIN. I asked for them, and pursuant to a long-standing policy that I have had, I talked to Ms. Sposato.

Senator LEVIN. I understand your policy that you do not pursue it. I am talking about their policy that they do not forward it.

Mr. MARTIN. Well, they did not forward it pursuant to that policy, because in the——

Senator LEVIN. They did not forward it pursuant to your policy?

Mr. MARTIN. Yes.

Senator LEVIN. You mean you ask for a document and then they say no because you have got a policy?

Mr. MARTIN. Yes, and I agreed with that. I have to say I did. I agreed with that because I did—Senator, the reason I have that policy is I do not want to prejudice anybody's rights—a prosecutor, an investigator, or possible defendant—by my actions.

Senator LEVIN. Just by privately reviewing something?

Mr. MARTIN. Well, I did not know if it got to me whether it might get public. I just did not know. And that has been my policy, and especially when an independent counsel is involved. That is very sensitive business.

Senator LEVIN. Let me just make reference briefly before I run and vote to the letter that you have now twice made reference to, which is the letter that you sent to me on April the 11th. I think you have copies of that. I have not released the May 11, 1987, letter to me. I have not released that letter until this morning. I am now releasing that letter.

Do you stand by that letter?

Mr. MARTIN. Yes.

Senator LEVIN. Pardon?

Mr. MARTIN. Yes.

Senator LEVIN. I am just going to briefly read some portions of that letter, and then I am going to leave.

On page 2 of that letter, you say that, the Ethics in Government Act contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office and, in some instances, concurrence by the Department of Justice. Authority for these requirements may be found at Section 202(f) of the Ethics in Government Act and 5 C.F.R. part 734, subpart D. The requirements, amplified by the language of model trust drafts which are circulated by this Office, include specific approval in advance by the Office of Government Ethics of the language of the proposed trust instrument, of the proposed trustee who must be independent of the Government official pursuant to statutory guidelines and of the proposed initial assets of the trust. "* * * we do not recognize 'blind' arrangements created by a filer's own action. * * * No limited blind partnership has been or could be approved under the statutory scheme as creating a qualified blind trust arrangement under the Ethics in Government Act. We view the use of a qualified trust as a very serious matter which under Section 202(f)(4)(a) of the Act conveys extraordinary benefits on a Government official and his immediate family by ameliorating conflicts of interest and standards of conduct concerns related to outside holdings which were attributable to them. In return for these benefits, strict rules, including pre-clearance by this Office are imposed under the Ethics Act and regulations thereunder which are closely enforced by this Office. It should be noted that the standards for public financial disclosure imposed by the Act are a separate issue from the substantive conflict, statutes and standards regulations."

Then down to Paragraph 5, "Mr. Meese did not seek advice or approval from OGE prior to establishing this limited blind partnership." And then you have indicated you are not in receipt of the underlying documentation.

But this letter and what your testimony is telling us, as I understand it—in addition to what it very clearly states—is that that partnership was never approved by your office.

Mr. MARTIN. It clearly was not, Senator.

Senator LEVIN. All right. Nor was approval sought by your office.

Mr. MARTIN. It was not.

Senator LEVIN. I will be back in about five minutes.

[Recess.]

Senator LEVIN. We are back in order.

Mr. Martin, did you finish your statement?

Mr. MARTIN. I did not, Senator, but if you will allow me to continue, I do not think I will be very long.

Senator LEVIN. Sure.

Mr. MARTIN. Continuing with my explanation of the procedures and steps that I took in regard to Mr. Meese's filing.

After receiving a response from Ms. Sposato regarding this policy—I decided that I would obey that policy and not proceed—nothing occurred until—I was out of the office on official business the week of Monday, June 29, I think, returned to the office on July 2d. I received a call from Stephen Trott, Associate Attorney General, who was going to review Mr. Meese's 1987 filing for the calendar year 1986, and he was seeking advice regarding the limited blind partnership.

Senator LEVIN. What was the date of that?

Mr. MARTIN. To my best recollection, that was on July 2d when I returned to the office. If that is a Wednesday, I think that is the day.

I told him that I wanted to find out from the independent counsel whether or not I could now proceed in view of his investigation. So I contacted the independent counsel's office, and they advised me that they had no objection to my proceeding through my normal orderly process.

On that day, I advised the agency ethics official, Mr. Flickinger, by letter—I think he is Assistant Attorney General for Administration. I have the letter here; you are welcome to it—that he should proceed with his analysis and forward me the underlying documents to determine whether or not a conflicts analysis could be made on the underlying documents.

Following that, I advised Mr. Trott that—I think Mr. Trott told me the underlying documents do not afford a conflicts analysis, and I said, "Well, then, disclosure would probably be required of the assets." At that point, I think Mr. Meese decided to make the full disclosure that he did on—well, the disclosure he made on Monday of this week.

Senator LEVIN. Have you seen his 1986 disclosure form? You have actually seen that form?

Mr. MARTIN. I have actually seen it.

Senator LEVIN. Do you understand that he has amended that form in order to list the holding?

Mr. MARTIN. No—you mean, is that something separate from what he released on Monday? No, I have not received that Senator.

I just have a few comments I would like to finish up with. I will just be a minute, and you can have at me.

Senator LEVIN. Go ahead.

Mr. MARTIN. The Executive Branch Filing Disclosure Program is decentralized. The initial day-to-day administration is through the agency ethics official, as I have said to you many times before.

There is some confusion about our procedures and what the regulations require in terms of when we go back to seek additional information, and I want to clear that up now. We work through the designated agency ethics official as the regulations so authorize us to do. The regulations also authorize us to go directly to the filer.

We find it is much more efficient and more convenient to go through the agency ethics official for the following reasons:

The ethics official may already know the answer to a question we are seeking. It avoids duplicate questions to the filer. It provides us with a discourse between the agency ethics official to discuss what our position is so they understand it for future problems.

The agency ethics official really has better access to a high-ranking president appointee requiring Senate confirmation than do my lower level management analysts. So we go back to the agency ethics official, put the burden on them, and they do have better access.

Then if we do it that way, the agency's 278, their copy, can be annotated with the questions that we went back with. So we think it is a much more professional and comprehensive way to handle that process.

Now, you may ask me what do we now intend to do, and the information that we have received has raised some additional questions. In keeping with our procedure that I have outlined above, we will probably in the near future—no doubt in the near future—send a letter to the Justice designated agency ethics official providing that person with our views and additional questions that we think will have to be addressed by them before they can certify this most recent statement.

With that, Senator, I would be glad to answer any of your questions.

Senator LEVIN. Thank you. Now, before I had to leave for the vote, I asked you whether or not you had approved the partnership, that Meese partnership with Chinn, called Meese Partners.

Mr. MARTIN. No. It never has been.

Senator LEVIN. You answered that you had never approved it.

Mr. MARTIN. No. I had never seen it.

Senator LEVIN. You have seen it now, I take it.

Mr. MARTIN. I have seen it.

Senator LEVIN. All right. But until a week or so ago, you had never seen it.

Mr. MARTIN. Until Monday of this week, I had never seen it.

Senator LEVIN. All right. In any event, you had never approved, and your office had never approved, that partnership agreement.

Mr. MARTIN. That has been asked and answered. Yes, sir, that is correct.

Senator LEVIN. I just want to make it real clear since we were interrupted by a vote here. I also asked you whether or not he had sought approval of that, and you indicated he had not.

Mr. MARTIN. He did not.

Senator LEVIN. All right. Now, is the law clear that in the absence of your approval that the holdings of that partnership had to have been disclosed on the disclosure form of 1985?

Mr. MARTIN. Not necessarily.

Senator LEVIN. All right.

Mr. MARTIN. It may have been. That may have been required once you looked at the underlying documents. As I said in our instructions, the reviewer has to be afforded enough information to make the conflicts analysis. The underlying documents might have done that. For instance——

Senator LEVIN. Now, let me make sure you understand my question. I am saying, in the absence of your approval must those holdings be disclosed?

Mr. MARTIN. This is my technical adviser. This is Ms. Ley, Senator. I forgot to introduce her. She is one of our senior attorneys.

Senator LEVIN. Is it Ley or Leahy?

Mr. MARTIN. Ley.

[Pause.]

Mr. MARTIN. Senator, to answer your question, I think the answer is yes, but let me then describe my answer.

You have to make an analysis of the underlying documents. I think that is fair first. If the underlying documents do not afford you with enough information to determine the conflicts analysis, then you would have to be required to disclose all of the assets and the transactions in any financial arrangement.

Senator LEVIN. Well, I can re-ask my question, but I think the answer sooner or later is you are going to give me a clear yes.

In the absence of your approval of that limited partnership, is——

Mr. MARTIN. The answer is——

Senator LEVIN [continuing]. Is it not true that he must disclose the holdings of that partnership? You are saying——

Mr. MARTIN. Based on the present facts and what I know, yes.

Senator LEVIN. All right. Based on the law.

Mr. MARTIN. Based on the law and the facts—that is, the review of the underlying documents.

Senator LEVIN. Well, I have not even gotten to the review of the underlying documents yet. I will get to that in a minute. I am just talking about the law. Is not the law clear that in the absence of your approval of that partnership that the holdings of that partnership must be disclosed?

Mr. MARTIN. Yes.

Senator LEVIN. Thank you.

Mr. MARTIN. With my explanation. [Laughter.]

Senator LEVIN. Now, you are saying that you can then look at the underlying document, after there is a statement in a disclosure form, and you can either approve or disapprove the absence of the listing of holdings based on your review of that underlying document. Is that correct?

Mr. MARTIN. You could, yes.

Senator LEVIN. And you have?

Mr. MARTIN. Have what?

Senator LEVIN. You have looked at the underlying document.

Mr. MARTIN. I have.

Senator LEVIN. And now that you have looked at that underlying document, can you say that those holdings had to be disclosed?

Mr. MARTIN. I can.

Senator LEVIN. And did they have to be disclosed?

Mr. MARTIN. They did.

Senator LEVIN. All right. Now, were they disclosed in the 1985 form?

Mr. MARTIN. In the——

Senator LEVIN. In the 1985 disclosure form.

Mr. MARTIN. Wait a minute. You mean calendar year 1985 reporting.

Senator LEVIN. Yes.

Mr. MARTIN. That was filed in——

Senator LEVIN. In 1986.

Mr. MARTIN. In 1986. Were they disclosed?

Senator LEVIN. Yes.

Mr. MARTIN. No, they were not, Senator.

Senator LEVIN. All right. And there has subsequently been, about a year and some months later, a "disclosure." That was last Monday. The Attorney General, as I understand it, in a separate document has given some information about those holdings.

Mr. MARTIN. That is correct.

Senator LEVIN. Does that document comply with the disclosure requirement?

Mr. MARTIN. Not entirely.

Senator LEVIN. All right. So that as of this moment the Attorney General has not disclosed his holdings in the form that the Government Ethics Office required?

Mr. MARTIN. That is accurate.

Senator LEVIN. Now, when he made his public statement on Monday and gave this limited disclosure of his holding—a disclosure which still does not meet the requirements of law as you just testified—was it your understanding that that material constituted an amendment to his disclosure form of 1986? Let us talk about the 1986 disclosure form first, the most recent one.

Mr. MARTIN. Well, I guess, Senator, the best way to characterize it is yes, it was an attempt to comply with disclosing what would be required for the calendar year 1985 filing.

Senator LEVIN. All right. It did not, but you believe it was an attempt to.

Mr. MARTIN. I believe it was, yes.

Senator LEVIN. Okay. Do you know——

Mr. MARTIN. A good-faith attempt. I really believe that.

Senator LEVIN. Even though it did not succeed, you believe it was an attempt?

Mr. MARTIN. I believe it was a good-faith attempt.

Senator LEVIN. Do you know whether or not he has sought to amend his 1986 disclosure form to add that material to the form so that it is governed by the False Statement Act, for instance. Has he sought to amend his 1986 form? Has he sent a——

Mr. MARTIN. Are you talking about the form he filed in 1986 covering calendar year 1985?

Senator LEVIN. No.

Mr. MARTIN. What year are you talking about?

Senator LEVIN. The 1986 disclosure form.

Mr. MARTIN. You are talking about——

Senator LEVIN. The year——

Mr. MARTIN [continuing]. The calendar year they just filed.

Senator LEVIN. That is correct.

Mr. MARTIN. Yes.

Senator LEVIN. Has he sought to amend that form?

Mr. MARTIN. You mean between Monday and right now?

Senator LEVIN. Exactly.

Mr. MARTIN. Not with my office. Not to my knowledge.

Senator LEVIN. All right. Has he sought to amend his 1985 disclosure form with your office?

Mr. MARTIN. Not to my knowledge.

Senator LEVIN. So to the best of your knowledge, he has not sought with your office to amend either of those two forms.

Mr. MARTIN. That is correct.

Senator LEVIN. All right. Are you familiar with the term "limited blind partnership"?

Mr. MARTIN. Am I familiar with the term?

Senator LEVIN. Yes. Is that a term which is frequently used, limited blind partnership?

Mr. MARTIN. It has been used. Some of my staff tell me that it has been used.

Senator LEVIN. All right.

Mr. MARTIN. Senator, on your last question, I really want to go back and make sure that you understood.

Now that I know what I know, and I said to you in my closing, normally we will send a letter back to the department and work with the agency ethics official there to get it amended properly. That is our job.

Senator LEVIN. I have no doubt that you will be getting on the job now.

Mr. MARTIN. Thank you for your confidence.

Senator LEVIN. Is there any doubt in your mind that a limited partnership in general—just a limited partnership—is a financial arrangement within the meaning of the law?

Mr. MARTIN. You mean within the meaning of the Ethics in Government Act?

Senator LEVIN. Yes.

Mr. MARTIN. I think yes, that is a fair statement.

Senator LEVIN. There is no doubt in your mind.

Mr. MARTIN. Yes, there is no doubt in my mind.

Senator LEVIN. Going back to your conversation with Mr. Trott last week, did you inform Mr. Trott at that time that that partnership had not been approved by you?

Mr. MARTIN. Oh, yes. Well, I did not say those words, but he was aware of that. He was seeking counsel.

Senator LEVIN. And did you tell him that the holdings had to be disclosed since it had not been approved?

Mr. MARTIN. I expressed to Mr. Trott in the strongest words that I know how that there should be a disclosure.

Senator LEVIN. Of the holding?

Mr. MARTIN. Of the holding.

Senator LEVIN. And did he disagree with you?

Mr. MARTIN. No.

Senator LEVIN. As to what the law required?

Mr. MARTIN. No.

Senator LEVIN. Did he give you any explanation for why those holdings had not been disclosed before when the law is so absolutely clear that unless you got an approved form of an arrangement by the Ethics Office that you have got to disclose the holdings? Did he give you any explanation for that?

Mr. MARTIN. Well, in fairness, Senator, let me say that up until that date, things had been on hold because of the independent counsel.

Senator LEVIN. I understand.

Mr. MARTIN. And I just advised him that day that, in fact, you know, I was going to check with the independent counsel; and, in fact, if he had no objections, that disclosure ought to be made.

Senator LEVIN. Now, you do not have to be this diffident. You are head of the Ethics Office. My question is: Did he give any explanation as to why the Attorney General of the United States did not disclose the holding of an entity, that partnership, when the law is so clear that the holdings must be disclosed on that disclosure form? Did he give you any explanation as to how it happened that they did not seek your approval for the partnership and that they never disclosed the holdings? Did he give you an excuse?

Mr. MARTIN. No, he did not, but——

Senator LEVIN. You do not have to apologize for him. I just want to know——

Mr. MARTIN. I am not apologizing.

Senator LEVIN. I just want to know whether he gave you an explanation.

Mr. MARTIN. No. He did not give me an explanation.

Senator LEVIN. Did you ask for an explanation?

Mr. MARTIN. No, I did not. But you have to understand, the independent counsel at that point had just advised me that he had no objection to my proceeding, and so in fairness to Mr. Trott, he said, "Look, we are going to do this thing right now."

Senator LEVIN. Now.

Mr. MARTIN. And I said, "Good."

Senator LEVIN. I am interested in the word "now." Did he tell you why he did not do it right earlier, a year-and-a-half earlier?

Mr. MARTIN. Well, I do not think Mr. Trott ever signed off on it. I think Mr. Larry Wallace and the Deputy Attorney General and Ms. Sposato signed off on that earlier 1985 filing.

Senator LEVIN. I tell you, the Attorney General was pretty blunt about you. You seem to be pretty cautious there in saying that "No, they did not give me any explanation." You are just even a little bit hesitant about saying that. Here is what the Attorney General says about you: "The Office of Government Ethics violated Federal law."

That is the Attorney General of the United States.

Mr. MARTIN. I know it is, and I have read that. I am saddened by that statement. [Laughter.]

Senator LEVIN. Have you violated Federal law?

Mr. MARTIN. No, I have not, Senator. You know I have not.

Senator LEVIN. Have you answered that?

Mr. MARTIN. Yes, I do.

Senator LEVIN. No. Have you sent him an answer?

Mr. MARTIN. Have I sent him an answer?

Senator LEVIN. Yes.

Mr. MARTIN. No, I have not. I have been kind of preparing for today, so I have not——

Senator LEVIN. It kept you busy.

Mr. MARTIN. It has, Senator. I have to say that you and I are seeing a lot of each other.

Senator LEVIN. Do you know what he means there when the Attorney General of the United States—that is the highest law enforcement officer in the United States—says that the Office of Government Ethics, which you run, violated a Federal law? Now, do you know what he is talking about?

Mr. MARTIN. Yes, I do.

Senator LEVIN. Will you tell us what he is talking about?

Mr. MARTIN. Well, he is saying that I failed to advise him—him personally—that he would have to provide the underlying documents and that he may have to, in fact, disclose the assets; and that I—I guess he is alleging that instead of advising him that I disclosed what he would have to do to parties other than the Department of Justice, and that he was, I guess, blind-sided. Therefore, I did not follow my own regulations in telling him first.

Senator LEVIN. What is your answer to that?

Mr. MARTIN. The answer is, as I said before, we primarily are authorized by regulations to deal with the designated agency ethics official and to require them and ask them to get the information we seek. I did that in my letter of April to Janis Sposato saying, "Please advise us and send copies to us of the underlying documentation so you can make an analysis"—I think I told her that over the phone—"and so that we can." And in the intervening time, of course, immediately after that the independent counsel was a part of this process, and then I responded to letters to you in the meantime—well, before that, I responded to a letter to you, and to other parties who disclosed that information.

Senator LEVIN. Now you, this morning, indicated that the law and the regulations and the instruction and the educational program all advised Mr. Meese and others of their obligation.

Mr. MARTIN. That is correct.

Senator LEVIN. You have gone into that this morning.

Mr. MARTIN. Pardon me?

Senator LEVIN. You have gone into that this morning.

Mr. MARTIN. I have, indeed.

Senator LEVIN. All right. You have also acknowledged that your analyst failed to catch something on that form that he or she should have caught.

Mr. MARTIN. That is correct.

Senator LEVIN. Does the failure——

Mr. MARTIN. He caught it. He failed to raise questions that I think he should have, and I will take responsibility for that.

Senator LEVIN. All right.

Mr. MARTIN. We did not do our job in that regard, Senator. I am here to admit that.

Senator LEVIN. Now, you have also indicated that these disclosure forms are even today not in compliance with the Act?

Mr. MARTIN. Well, they need to be amended. That is correct.

Senator LEVIN. As they now stand, they are not in compliance with the Act?

Mr. MARTIN. That is correct. They need to be amended.

Senator LEVIN. Well, I do not know why we have to go round and round on a very simple question. If they were not amended, then what?

Mr. MARTIN. Well, if they were not amended, I could not certify them.

Senator LEVIN. All right. So what I am saying is, in your opinion, as of today these forms are still not in compliance with the Act.

Mr. MARTIN. That is correct.

Senator LEVIN. All right. Now, does the failure of your office to raise a question about that item justify the current non-compliance of these forms? Does that excuse or justify the current non-compliance? Does that put them into compliance?

Mr. MARTIN. I almost do not know how to answer your question.

Senator LEVIN. Well, I know. I try to ask you questions which are hard.

Mr. MARTIN. Compliance——

Senator LEVIN. I am trying to ask you questions which are not so easy to answer because there are a lot of hard questions here about these forms.

Mr. MARTIN. I know there are.

Senator LEVIN. And this is one of them. Does the failure of your office to catch an inaccurate or misleading form excuse or justify it or put the form into compliance? Does that take the files off the hook?

Mr. MARTIN. No, it does not.

Senator LEVIN. Is Meese off the hook because your office did not catch it?

Mr. MARTIN. No, but, Senator, in 70 percent of these, we have to go back. And Mr. Meese is no different from the other 70 percent.

Senator LEVIN. I understand.

Mr. MARTIN. So we are going to go back, and we are going to require compliance.

Senator LEVIN. I understand. You are going to require compliance.

Mr. MARTIN. Yes, we are.

Senator LEVIN. All I am saying is does it excuse our non-compliance?

Mr. MARTIN. You mean if it is cat-and-mouse, if I am missing something, is that absolution?

Senator LEVIN. Yes.

Mr. MARTIN. No. I cannot say that that is.

Senator LEVIN. All right. Particularly since you had that educational program telling us about our obligations. Do we have any obligations here, or is it all on your shoulders?

Mr. MARTIN. Well, I have to say that I am at fault in this, Senator.

Senator LEVIN. Well, that has come through pretty clearly. Was Meese's form also non-compliant with the statute?

Mr. MARTIN. That is correct.

Senator LEVIN. And did he do something else which made your life a little harder, but you do not seem to particularly want to come forward with?

Mr. MARTIN. What is that?

Senator LEVIN. Is it not also true that he did not accurately describe the partnership?

Mr. MARTIN. That is accurate, Senator.

Senator LEVIN. All right.

Mr. MARTIN. That is true.

Senator LEVIN. Now——

Mr. MARTIN. Should we not tell people what that problem is?

Senator LEVIN. Oh, we will, yes.

Mr. MARTIN. Maybe we should do it now.

Senator LEVIN. Yes, we will do it, but in the form of a question and answer, if it is all right.

His form listed a corporation, did it not?

Mr. MARTIN. Yes, it did.

Senator LEVIN. And then after the name of that corporation, it put down in parentheses, a "limited blind partnership"; is that right?

Mr. MARTIN. I want to get the form out.

Senator LEVIN. Yes, get the form out. Financial Management International, Inc., parentheses, "limited blind partnership."

Mr. MARTIN. I am now turning to the form.

Senator LEVIN. It is Block A on the left there.

Mr. MARTIN. I have it. It is on Page 5, and it is the last entry, Block A. And it does say exactly what you said.

Senator LEVIN. Now, is that an accurate statement of the partnership interest?

Mr. MARTIN. It is inaccurate. It is inaccurate.

Senator LEVIN. All right. So that the form which you got which failed to disclose the holdings of the partnership, which it had to do and did not—by your own testimony; I think the law is absolutely clear on that—also misdescribed the partnership, misnamed the partnership?

Mr. MARTIN. In fact, based on my reading of the underlying documents creating the partnership, that is correct. The name of the partnership is described in, I think, Section 1 or the paragraph of the first page of the partnership as Meese Partners.

Senator LEVIN. Does that name "Meese Partners" appear anywhere on those two disclosure forms for 1985 or 1986?

Mr. MARTIN. It does not.

Senator LEVIN. Should it have?

Mr. MARTIN. It should have.

Senator LEVIN. So far we have identified at least two failures: one is that the holdings of that partnership were not identified as the law required and still does; number two, the partnership was not named on the disclosure forms. Am I right so far?

Mr. MARTIN. You are correct.

Senator LEVIN. All right. Now, had the form contained the name Meese Partners, instead of Financial Management International, Inc., might that have made a difference in your office's review?

Mr. MARTIN. Might is a very——

Senator LEVIN. Carefully chosen word.

Mr. MARTIN. I have to say that it would have, and that is based on my own reasoning as well as my staff. My staff advises me it would have.

Senator LEVIN. In what way?

Mr. MARTIN. Well, Financial Management International, "limited blind partnership", I think connotes, at least to the management analyst who reviewed it, connoted a kind of investment or a pooled arrangement. A statement of Meese Partners standing by itself would have indicated to me that it was Meese Partners and no one else; or if there were other people, it certainly would be limited, quite limited. So I think it would have triggered an automatic inquiry by our analysts.

Senator LEVIN. So the bottom line is——

Mr. MARTIN. Because the nature of it would have been more of a private-looking investment vehicle.

Senator LEVIN. So you are confident in saying that the failure there to disclose the accurate name of Meese Partners on that form contributed, or could have contributed, to the failure of your agency to catch the problem that you have identified?

Mr. MARTIN. Yes, but, Senator, I do not want to absolve my agency.

Senator LEVIN. Oh, that is clear, and we do not either.

Mr. MARTIN. I know you do not. An honest confession is good for the soul.

Senator LEVIN. You do not have to continually say that you do not want absolution.

Mr. MARTIN. No, I do not. In another forum, I may get that.

Senator LEVIN. Did you talk to the Attorney General's office about that? When they said on July 2d that, well, yes, maybe they had better disclose this, or whatever the conversation was, did you say also why did the Attorney General not put down the name of his partnership because that contributed to the problem here?

Mr. MARTIN. Well, last week when I had these discussions, I assumed that that was an accurate portrayal of the name of the——

Senator LEVIN. You still thought it. Sure. You did not know anything about Meese Partners at that time?

Mr. MARTIN. I did not.

Senator LEVIN. Until he disclosed this Monday under a tremendous amount of pressure, both from you and the public. Maybe reverse order, the public and then from you.

When he disclosed partially—it is still not an accurate, complete—I should not say accurate. It is still not a complete disclosure that meets the terms of the statute, according to your testimony this morning. When he partially disclosed this week, for the first time you saw the name Meese Partners?

Mr. MARTIN. I think Tuesday I read that, or late Monday night I found it was Meese Partners.

Senator LEVIN. And that was the first time your office ever knew of the existence of an entity called Meese Partners.

Mr. MARTIN. That is correct.

[Pause.]

Senator LEVIN. Mr. Martin, I want to now shift the subject to the recusal agreement of Mr. Meese. He wrote you a letter on January 31, 1985, during his confirmation process.

Mr. MARTIN. That is correct.

Senator LEVIN. In which he promised to sell certain of his stock holdings and to recuse himself from participating in any matter in which he had a financial arrangement.

Now, did that promise require Mr. Meese to report to you in writing just what he did to follow through on that promise?

Mr. MARTIN. Yes. It required a follow-up.

Senator LEVIN. By law?

Mr. MARTIN. Yes.

Senator LEVIN. By law?

Mr. MARTIN. Within 90 days.

Senator LEVIN. And the law required him to do that?

Mr. MARTIN. Within 90 days.

Senator LEVIN. Within that 90-day period he submitted a recusal agreement; is that correct?

Mr. MARTIN. That is correct; dated, I think, May 24.

Senator LEVIN. All right. Now, in that recusal agreement dated May 24, 1985, is an Exhibit A.

Mr. MARTIN. There is an exhibit.

Senator, I do not know what you are reading from, but there are two documents dated May 24. One is from Mr. Meese to Lawrence Wallace. There is another one, a memorandum for Heads of Offices, Bureaus, Boards and Divisions, all personnel, Office of the Attorney General, from Mr. Meese, and the subject is recusal policy. And I am not sure which one you are reading from.

Senator LEVIN. Well, which is the one that he submitted according to his agreement to submit something?

Mr. MARTIN. Well, I would think it is both of them. The recusal policy is set forth on the one to Heads of Offices and Bureaus and Boards.

Senator LEVIN. All right. So the law required him to submit a recusal policy within 90 days because he had made a representation that he would do so.

Mr. MARTIN. Do so and sell certain assets.

Senator LEVIN. That is correct. And on May 24—a pretty critical date—1985, he submitted a document called recusal policy.

Mr. MARTIN. That is correct.

Senator LEVIN. And you received a copy of that.

Mr. MARTIN. I did.

Senator LEVIN. At that time?

Mr. MARTIN. Yes, I think at that time. I do not know when it was stamped into my office.

Senator LEVIN. All right. So you assume it was around that time.

Mr. MARTIN. Yes.

Senator LEVIN. And attached to that May 24, 1985, recusal policy form was a list of the holdings, and he described it this way on Page 1 of that letter: "To assist you in identifying matters from which I may be disqualified, the entities in which Mrs. Meese or I have a financial interest are shown on Appendix A to this memorandum." Correct?

Mr. MARTIN. That is correct.

Senator LEVIN. Now, take a look at Appendix A.

Mr. MARTIN. I am looking at it.

Senator LEVIN. Does the partnership with Chinn appear on that appendix?

Mr. MARTIN. Does Financial Management——

Senator LEVIN. No, no. Meese Partners or Financial Management.

Mr. MARTIN. Or Meese Partners appear?

Senator LEVIN. Yes.

Mr. MARTIN. I was going to say that. I was going to complete the question and answer for you.

No, it does not.

Senator LEVIN. So later, a year later in a disclosure form, now the 1985 calendar year disclosure form, he listed Financial Management International, Inc. He listed that.

Mr. MARTIN. On Schedule A as an asset. Yes, he did.

Senator LEVIN. That is correct, on Schedule A as an asset. Again, he did not list Meese Partners.

Mr. MARTIN. No, he did not.

Senator LEVIN. But that is a different issue. We have gone over that. But a year earlier on his recusal form, recusal agreement, which by law he was required to file within 90 days, did within 90 days, and on May 24, 1985, filed this appendix which purported by his own statement in this letter to be the entities—and I am quoting precisely—"the entities in which Mrs. Meese or I have a financial interest." And what you are telling us is that that Appendix A did not contain any reference to the partnership interest.

Mr. MARTIN. That is correct.

Senator LEVIN. Now, based on the assumption that he owned the partnership interest at that time, which according to his own disclosure he did—in fact, he bought it the day before, or signed the agreement the day before—should that not have appeared on that appendix?

Mr. MARTIN. If, in fact, it was an asset and something that he was going to be investing in and it was a vested entity at that time, it should have been on there.

Senator LEVIN. Have you read the partnership agreement?

Mr. MARTIN. Pardon me?

Senator LEVIN. You have now read that partnership agreement.

Mr. MARTIN. I have, but the amount of money that is going into it is blank. It could have been cash for all I know.

Senator LEVIN. Cash?

Mr. MARTIN. In the partnership agreement. I mean, it is blank as to the amount of money, on what I read.

Senator LEVIN. I see.

Mr. MARTIN. I do not know. Certainly, I can only answer you in this context. If it were an asset, identifiable——

Senator LEVIN. If he owned the partnership interest on May 23, 1985, that should have been disclosed on Exhibit A.

Mr. MARTIN. If it were an identifiable partnership interest and asset, it should have been, yes.

Senator LEVIN. Is that any different from what I am saying?

Mr. MARTIN. No, I do not think it is.

Senator LEVIN. So now I will phrase it my way and see if we can just get a real clear yes on this. If he owned the partnership interest on May 23, 1985, it should have been disclosed in his list of assets on May 24, 1985.

Mr. MARTIN. That is correct.

Senator LEVIN. Did he ever modify this recusal agreement, do you know?

Mr. MARTIN. You mean Attachment A?

Senator LEVIN. Yes.

Mr. MARTIN. To my knowledge, he did not but let me explain to you. This recusal that he has issued is a specific recusal as well as a general recusal that it is an obligation to recuse yourself from anything in which you have a financial interest. So the fact that he did not put it on that Schedule A or amend it does not mean he did not have an obligation to recuse himself from that entity as well as any other.

Senator LEVIN. I understand. That is clear. It was only the items that he owned as of that date, though, that should have been on Exhibit A.

Mr. MARTIN. That is correct. So it does not bother me as an ethics officer that he did not put it on there, but——

Senator LEVIN. But he did not put it on later.

Mr. MARTIN. Well, he has a general obligation to recuse himself anyway. From the Office of Government Ethics perspective, we are interested in the process, to make sure there is a process to monitor recusal. And there is such a process in the Department of Justice, and we ensured ourselves of that.

Senator LEVIN. My question is also, though, does it bother you under the assumption that he owned the partnership interest on May 23 that it was not listed on May 24?

Mr. MARTIN. It should have been listed if he owned it.

Senator LEVIN. And you used the term what does not bother you as an ethics officer relative to something else. Does it bother you as an ethics officer if he owned that partnership interest on May 23 that it was not listed on May 24?

Mr. MARTIN. Yes, I have to say it does.

Senator LEVIN. All right.

Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

Mr. Martin, does current law need clarification as to how much detail one must provide in reporting assets? For example, if a public official owns a mutual fund, must he report all the stocks the mutual fund has purchased during the course of that year?

Mr. MARTIN. No.

Senator ROTH. Does the law or the regulations need clarification on this point?

Mr. MARTIN. Well, we have clarified it in our instructions and in our training materials. A publicly traded and publicly reported entity like a mutual fund is easy for a reviewer to determine what is in that mutual fund. So if you just name the mutual fund, we can deal with that in terms of a conflicts analysis.

Senator ROTH. Now, let me ask you on the question of instructions. Do these have the force of regulations, or are they merely guidelines?

Mr. MARTIN. Well, the instructions are largely taken from the regulations and are an analysis, if you will, of the law and the regulations. But I cannot say they carry the force of law. They are an aid and we try to assist the reviewer.

Senator ROTH. The point I am trying to get at right now is whether or not there needs to be a clarification in the law itself.

Mr. MARTIN. As to what should be filed?

Senator ROTH. Well, whether the law and the regulations that are issued pursuant thereto are adequate.

Mr. MARTIN. No, I think they are adequate, and I do not think they are unclear. My personal opinion is that the categories that you have to report and some of the hoops you jump through in filing your form ought to be simplified.

Senator ROTH. Let me ask you this. Under current law, if an individual reports certain assets but does not do so in enough detail, what is the practice of the Office of Government Ethics in those situations?

Mr. MARTIN. Senator, it is to bring a person into compliance by making an inquiry about the asset principally through the agency ethics official, and we try to bring people into compliance to prevent conflicts of interest.

Senator ROTH. Was that done in the case of Meese?

Mr. MARTIN. An inquiry was not made until April of this year.

Senator ROTH. Why was that?

Mr. MARTIN. Well, we are talking specifically about the limited blind partnership until April of this year.

Senator ROTH. Yes.

Mr. MARTIN. There were a number of other items on Mr. Meese's financial disclosure that my staff made inquiries about and consulted with the Department of Justice about to clarify matters. So it was done on a continuing basis up through the early part of this year, but I have to say that we did not catch the limited blind partnership and raise inquiries about it until it became notorious, or I was informed about it by someone over the phone. And that is a fault of my office in not detecting it and raising inquiries sooner.

Senator ROTH. I think that is an important point.

In other words, notice was given of that partnership, but it was inadequate in what it contained; is that correct?

Mr. MARTIN. That is correct.

Senator ROTH. So there was apparently no effort to hide it.

Mr. MARTIN. No, not at all. In my opinion, Mr. Meese made a good-faith effort to report it.

Senator ROTH. Now, let me ask you this question. There is a difference between a limited blind partnership and a trust; is that correct?

Mr. MARTIN. Well, yes, Senator. Maybe I could define the terms.

There are two kinds of trusts that the Ethics in Government Act recognizes. One is a qualified blind trust, and one is a qualified diversified blind trust. They are separate in what they can do, but they afford you protections from the conflict of interest laws if you qualify and go through all of the forms that are required by our office.

A limited blind partnership, if it had not been approved by our office—and it would not be just by that label—would not afford the filer any of the protections that a blind trust did, nor would it be free from disclosure requirements that a blind trust would be.

I hope that answers your question. I am not sure it does.

Senator ROTH. Well, let me make sure that I understand what you are saying. Are you saying that even if a limited blind partnership is cleared—and it does not necessarily have to be cleared, does it?

Mr. MARTIN. Cleared?

Senator ROTH. With your office.

Mr. MARTIN. You mean approved by my office?

Senator ROTH. Pre-cleared with your office.

Mr. MARTIN. No, it does not have to be pre-cleared by my office, but if it is not, it is subject to the two problems I just mentioned: one, eventual possible disclosure; and, two, no protection from the potential problems of conflicts of interest that might arise.

Senator ROTH. If it is pre-cleared, what is the situation?

Mr. MARTIN. Well, under the law there are certain requirements to obtain a blind trust. In the one instance, a blind trust, you get instant blindness from all the assets in a trust if it is a broad, well-diversified portfolio of marketable assets. That provides on the filer and the person who creates the trust instant blindness so he or she can go about their duties without regard to what is in that trust and without regard to the conflict of interest laws.

The other is a more limited protection in that you can put almost any asset in it, but you do not get blindness and protection from the conflict of interest laws until that asset is rolled over and the filer does not know what is in that trust.

And, Senator, I might add that one of the features of a trust approved by us is a requirement that the trustee be independent and that there be no arrangement between the settlor and the trustee, or exchange of information about the trust. That keeps it truly blind.

Senator ROTH. That is all the questions I have, Mr. Chairman.

Senator LEVIN. Thank you very much. I thank both of you for coming, and we will keep the record open for additional questions. We will now recess until 2:00.

[Whereupon, at 11:12 a.m., the Subcommittee recessed, to reconvene at 2:00 p.m., the same day.]

[AFTERNOON SESSION]

Senator LEVIN. The Subcommittee will come to order.

In January of 1985, the Attorney General appeared before the Senate Judiciary Committee to complete the second set of hearings on his nomination.

Based on allegations circulating at that time, which became the subject of an independent counsel investigation, the Judiciary Committee was concerned about the Attorney General's future sensitivity to issues of ethical conduct and any appearance of a conflict of interest.

During questioning by Senator Biden, Mr. Meese was asked if there was anything that he would do differently from what he had done earlier. The Attorney General replied,

> Senator, I think that in the course of four years, I have learned a great deal about how people view things or how people might view things. And I can assure you that I have a much higher level of sensitivity to these matters now than I did when I arrived in Washington. And I can assure you that I would take great pains to avoid any kind of a situation or circumstance that might give rise to a misunderstanding or a misinterpretation of my acts or what I intended.

Later on, pursuant to questioning by Senator Metzenbaum, Mr. Meese stated,

I've learned a great deal from this experience, and if in the future a similar situation occurred, I would go overboard to avoid any appearance that might be construed, misconstrued or misinterpreted, or even distorted.

We welcome the Attorney General here today. He has voluntarily agreed to be a witness, to answer questions that have risen about his recusal agreement of May 24, 1984; his financial disclosure forms for 1985 and 1986; and about Meese Partners, a limited partnership.

We and the public can then judge as to whether he has lived up to the requirements of the ethics laws and standards that he himself said that he would meet.

Before I turn to you for your opening statement, Mr. Meese, let me call on Senator Roth and the others to see if they might have opening statements.

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman.

The Ethics and Government Act was enacted in 1978 to promote public confidence in Government. One of the major aspects of the Act was the establishment of a uniform system of financial disclosure for high-level Federal officials and employees.

Congress believed that when the private interests of public servants are made matters of record, conflict of interest may be detected and eliminated. In achieving this, Congress, of course, hoped to restore confidence in Government.

Of course, Government performance should not be measured against conflicts of interest alone. The pure servant is not necessarily the qualified servant. And while it's extraordinarily important to eradicate corruption and the appearance of corruption, we must be vigilant not to do it with a blunderbuss that will deter the most qualified men and women in America from seeking to serve in Government.

If those of us charged with monitoring our disclosure laws appear overly zealous in criticizing every public servant who makes a technical slip in filling out a financial disclosure form, the result will be chilling effect on the aspirations of the best and the brightest, Democrat and Republican alike.

Mr. Chairman, I do not mean to apply any defense of those who are appearing here today through my suggestion that we take a balanced view in carrying out our responsibility. I'm here to learn the facts, not to prejudge them. That may mean there was a serious violation. That may mean there was just an oversight of little real consequence. If the latter, I caution that we not, through our comments on the matter before us, send the wrong signal to future public servants.

Senator LEVIN. Thank you, Senator Roth.

Senator Chiles.

OPENING STATEMENT OF SENATOR CHILES

Senator CHILES. Mr. Chairman, I want to compliment you on holding the hearing. I think it's important for the purpose of reviewing the effectiveness of the Ethics in Government Act accorded that legislation because I believe, as you do, that full financial dis-

closure by public officials is the necessary ingredient to full public trust in our Government.

The oversight responsibility being exercised by the Subcommittee demonstrates that the Congress is interested in not simply enacting laws, but in making sure that these laws are followed not just by the letter, but also in the spirit.

I am happy that Attorney General Meese has consented to come before the Subcommittee to explain the circumstances surrounding the limited planned partnership that he entered into shortly after his confirmation.

Questions have been raised regarding that arrangement between Mr. Meese and Franklyn Chinn who served as a consultant to Wedtech Corporation. I am anxious to hear from the witnesses.

Senator LEVIN. Thank you.

Senator Stevens.

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman.

I was on the floor in a debate this morning when Mr. Martin appeared. And I would like to be able to submit some questions to the Committee for Mr. Martin's response.

I am concerned that this not become a partisan oversight hearing. And I'm equally concerned that we not try to apply to those people who are political appointees in any Administration standards that we are unwilling to apply to ourselves.

I intend to ask the Chairman to ask the Ethics Committee staff to come and answer similar questions to those I intend to ask of Mr. Martin.

Having been the Chairman of the Ethics Committee of the Senate, it appears to me that the standards that are being applied to the Attorney General are not the standards we apply to ourselves; that questions that I understand that were asked this morning are not questions we respond to ourselves, and if we are talking about integrity in Government in compliance with ethic statutes, I think we had better do it ourselves before we start holding someone else up to question about his or her conduct, conduct that we are unwilling to question in our own submissions under our own ethics, the concepts that apply to the Senate.

And, Mr. Chairman, I again feel very much that there's a political overtone here, and I have tried, and I tried in the last Administration equally well to keep politics out of ethical considerations. They should not be part of the compliance or the lack of compliance with the ethics statutes that apply equally well, I believe, to the Administration and to the Congress itself.

Senator LEVIN. Thank you very much, Senator Stevens.

Before we turn to you, Mr. Meese, let me state the date of the recusal agreement that I referred to is May 24, 1985. That is the recusal agreement which we will be talking to you about this afternoon, not 1984 as I indicated before.

It is now your opportunity for your opening statement. Again we welcome you to the Committee and we thank you for coming.

TESTIMONY OF EDWIN MEESE III, ATTORNEY GENERAL OF THE UNITED STATES

Attorney General MEESE. Thank you for the opportunity to appear before the Subcommittee today. I am happy to assist the Subcommittee with whatever consideration of legislative matters it may have before it.

I also appreciate the opportunity to set the record straight, to get the truth before the public.

Throughout my Government service, I have undertaken to comply fully with both the letter and the spirit of the Ethics in Government Act.

As I will make clear today, I have endeavored to make complete disclosure to the fullest extent required by law.

Some questions have been raised about my financial disclosure form for 1985 concerning the limited partnership established in May of that year following my confirmation as Attorney General, which I included in that form.

As the record shows, my 1985 disclosure form, which has been public for many months, identifies the partnership with Financial Management International, Incorporated, in which my wife and I placed our family's holdings in order to ensure that I would have neither knowledge nor control over how or where the money was being spent, or where it was being invested. In fact, over the succeeding years, I actually did not have knowledge or control over how our family's funds were being managed.

As prescribed by law and Department regulations, I submitted that form for review to the Associate Attorney General, who sought further review from the Designated Agency Ethics Official. That official reviewed the form and asked me specific questions about the blind partnership arrangement. I explained the nature and operation of the arrangement. Subsequently, the form was approved by the Justice Department Designated Agency Ethics Official, and then the Associate Attorney General, and was forwarded, as prescribed by law, to the Office of Government Ethics with other Department of Justice Financial Disclosure Forms in late September 1986.

That office, the Office of Government Ethics, has 60 days in which to review such submissions. It is my understanding that, during that period, officials of that office asked questions about my form, as is routinely done with many submissions, and received satisfactory answers.

No questions were raised regarding the partnership agreement and, at no time during this period, did the Office of Government Ethics contact me directly about any items on my form.

I was therefore surprised to read recent stories in the press raising questions about my 1985 disclosure form, in particular about the partnership arrangement. If legitimate questions existed, the proper and more responsible course of action, and the one that is required by Federal law and regulations, would have been to ask me directly and thus afford me the opportunity to provide the information.

Had that course been followed, the information that I have recently made publicly available could have been supplied to those

raising questions, which would have fully resolved any concerns that might have existed.

I have a copy of these materials with me today, and I ask that they be made part of the record of these proceedings.[1] I believe that they provide more information than anything I have been advised is required by the disclosure form and Federal law. Obviously, if any additional information is requested by the Office of Government Ethics, I will be happy to supply it.

The materials that I have provided demonstrate the propriety of the blind partnership arrangement in all respects. They reveal the investment activity of the partnership during the course of its life, of which I had no actual knowledge until the recent termination of the partnership arrangement. And they show conclusively that none of the partnership investments involved in any way the Wedtech Corporation.

In addition, I have followed unwaveringly a recusal policy that ensured my removal from any matter at the Department of Justice that might even remotely suggest a conflict of interest. Of course, this policy continues.

I have always attempted fully to disclose all information required by any law or regulation so that there would be no question about my financial affairs. I will, of course, continue to do so.

At this time, I will be happy to answer any questions that the Subcommittee may have.

Senator LEVIN. Thank you, Mr. Meese.

One reason that there is such great public interest in your financial disclosures and recusal matters is because the partnership in question, the partnership with Mr. Chinn's company involves two persons who are employed by Wedtech, which is currently the subject of a number of criminal investigations and prosecutions.

This is some of the information that we have on your involvement in Wedtech matters which will set the background for some of the questions that we'll be asking later, and please stop me if there's anything that I say that is contrary to your understanding of the facts.

Between 1981, May, and January 1982, Robert Wallach, who was your attorney, your friend and your advisor, wrote you about 12 memos seeking your help for Wedtech's efforts to obtain an Army engine contract. You also had a number of private conversations about Wedtech at that time with Wallach.

At some point in 1982, you said that you initiated an inquiry to try to make sure that Wedtech got a fair hearing on the Army contract. In May of 1982, Jim Jenkins, who was then your Deputy in the White House, called a meeting at the White House with the Army and SBA officials and representatives of Wedtech about the Army contract. Shortly thereafter, Wedtech did in fact receive the Army engine contract, and sometime in 1984 it received another major contract from the Navy.

In April of 1985, Mr. Wallach introduced Franklyn Chinn to Wedtech as someone who could help Wedtech find additional financing and market. In fact, Mr. Chinn was employed by Wedtech in April

[1] See p. 204.

of 1985. At about that same time, Mr. Wallach introduced you to Mr. Chinn as someone who could manage your investment portfolio.

On May 23, 1985, you entered into a limited partnership agreement with Mr. Chinn's company, Financial Management International, Inc., turning over some $50,000 or $60,000 worth of cash and stocks for Mr. Chinn to invest on your behalf.

Now, that's the factual background, some of the facts that we have ascertained from a number of sources, including your own statement.

I would like to ask you a few questions about those background events.

Is it fair to describe Mr. Wallach as your friend, advisor and lawyer?

Attorney General MEESE. In 1981, Mr. Wallach was not my lawyer. He was my friend. As a matter of fact, Mr. Wallach is a gentleman that I have known since law school, which we attended a number of years ago. He is a prominent attorney in San Francisco and a former President of the San Francisco Bar Association.

Senator LEVIN. I take it it's fair that he has been your lawyer, he is your friend and has been your advisor?

Attorney General MEESE. He's been my lawyer since that time.

Senator LEVIN. Yes.

Attorney General MEESE. He served as my lawyer during 1984.

Senator LEVIN. And is it true that Mr. Wallach sent you a number of memos relating to helping Wedtech get an Army contract?

Attorney General MEESE. He sent me a number of memoranda about Wedtech, telling me about the company. In some of those memoranda and in private conversations, he did explain that they were having what they felt was a problem in terms of getting a fair hearing with the Government. There were those who were seeking to obstruct their getting a contract. He asked, as was often the case with the White House, if we would see that they got a fair hearing.

Senator LEVIN. Is it your recollection there were about a dozen of those memos that were sent to you?

Attorney General MEESE. I think there were a dozen memoranda or so talking about Wedtech. I don't know whether or exactly how many of them requested any help. It may have happened in one or two of them.

Senator LEVIN. And is it also true that many, if not most, of those were sent to your home as well as to your office?

Attorney General MEESE. Probably. I believe that was Mr. Wallach's habit. He wrote me a number of memoranda, I'd say probably two or three dozen memoranda during that year on a variety of subjects.

Senator LEVIN. And was it at your suggestion that he send them to your home?

Attorney General MEESE. Well, he usually sent them to my home and my office.

Senator LEVIN. Was it at your suggestion he also sent them to your home as well as to your office?

Attorney General MEESE. I don't remember whether I suggested that. Probably, because I received a great deal of mail at that time

at the office, something like a thousand letters a week. And so the idea was to be sure that I did get to see them through one route or the other.

Senator LEVIN. And following the receipt of those memorandums and the conversations which you discussed here, did you instruct your staff to take some action relative to Wedtech to make sure that they got a fair hearing?

Attorney General MEESE. I did ask people on my staff to look into the matter. It was actually in 1981, I believe, rather than 1982.

Senator LEVIN. And can you tell us more about those instructions? Was that the sum total, to look into the matter?

Attorney General MEESE. I asked them to look into the matter and take whatever was the appropriate action, as we did in the dozens of those cases that used to come before us every year in the White House.

Senator LEVIN. And who was it that you gave those directions to?

Attorney General MEESE. I think that probably it was my assistant. It may have been Ed Thomas at the time, or my Deputy, Mr. Jenkins. I don't specifically recall which one it was, no.

Senator LEVIN. Could you have talked to both of them about it?

Attorney General MEESE. I could have talked to both of them. It's possible.

Senator LEVIN. And did your Deputy, Mr. Jenkins, hold the May 19, 1982, White House meeting with the Army, SBA and Wedtech officials with your approval and consent?

Attorney General MEESE. I don't have any recollection that I knew about the meeting or what Mr. Jenkins did in handling matters there. Generally he worked pretty much on his own. But certainly what he did would have been pursuant to his general responsibilities, so I doubt if it had my specific approval. It certainly was part of his general responsibilities.

Senator LEVIN. Do you know for sure whether you knew about that meeting in advance?

Attorney General MEESE. I don't know whether I knew about it in advance or not. I suspect I probably did not.

Senator LEVIN. Did you ever discuss Wedtech with Mr. Jenkins other than that one conversation which you say might have occurred?

Attorney General MEESE. I may have discussed it with him on two or three occasions. I can't remember the exact number. I don't have any specific recollection of ever discussing it with him at or about that time, but I probably did.

Senator LEVIN. And did Mr. Wallach also introduce you to Franklyn Chinn?

Attorney General MEESE. Yes, he did, sometime in 1985.

Senator LEVIN. And could you describe that introduction for us?

Attorney General MEESE. When I first became Attorney General, I sought to divest myself of a number of stocks. It was a small numerical value of stocks, of various types of securities that my wife had received as inheritance primarily from her parents. And I think there was one stock which we had both received as a Christmas gift from her mother.

And we were trying to divest ourselves of these stocks. And in the course of this period of time, Mr. Wallach suggested that he

knew an excellent investment manager who had served him very well in some investments that he had made. That was Mr. Chinn. In the course of time, I met Mr. Chinn, and that was the way I became acquainted with him.

Senator LEVIN. Did you meet Mr. Chinn on more than one occasion prior to investing with him?

Attorney General MEESE. No. I think it was probably only one occasion.

Senator LEVIN. Was that at dinner?

Attorney General MEESE. I can't remember what the circumstances were in which I first met him.

Senator LEVIN. Did you, though, have dinner at some point with Mr. Chinn?

Attorney General MEESE. I'm not sure whether I had dinner with Mr. Chinn. I think I had lunch with Mr. Chinn, I remember, but I don't remember whether I had dinner with him or not.

Senator LEVIN. All right. With your wife, you don't remember having dinner with Mr. Chinn, with your wife present?

Attorney General MEESE. I can't remember.

Senator LEVIN. All right. And were you aware at the time of your partnership with Mr. Chinn, that he was connected to Wedtech?

Attorney General MEESE. I don't know whether I was or not. At some point, Mr. Wallach advised me that, in the course of conversation, that he had asked Mr. Chinn to help out with Wedtech. That was all I knew about it.

Senator LEVIN. You did not know at any point what his role was with Wedtech?

Attorney General MEESE. No, sir, not at that time.

Senator LEVIN. Did you later find out?

Attorney General MEESE. I later found out, within the course of the past few months, that at some point he was a director of Wedtech.

Senator LEVIN. But until the last few months, you did not know he was a director of Wedtech?

Attorney General MEESE. To the best of my recollection, that's correct.

Senator LEVIN. Did you believe he was a consultant with Wedtech?

Attorney General MEESE. I really didn't pay much attention to what he was.

Senator LEVIN. You knew that he had some connection?

Attorney General MEESE. I knew that he had been asked to help with Wedtech, whatever that meant.

Senator LEVIN. Just that he had been asked to help.

Did you know that he had accepted the request to help?

Attorney General MEESE. I'm just telling you what Mr. Wallach told me, and that's the sum total of my knowledge at that time.

Senator LEVIN. Well, let me just ask you this. Did you believe that he had a connection with Wedtech at the time that you invested as a partner with him?

Attorney General MEESE. I don't think it ever occurred to me whether he had a connection with Wedtech or not. I had been told

what I've just said by Mr. Wallach, that is that he had asked Mr. Chinn to help Wedtech.

Senator LEVIN. To put that in a time frame, was that information given to you by Mr. Wallach prior to the time you invested as a partner with Mr. Wallach—with Mr. Chinn?

Attorney General MEESE. I'm not sure. I can't remember whether it was before or after, because it was immaterial to my investing with Mr. Chinn.

Senator LEVIN. Would it have been at about the same time do you think?

Attorney General MEESE. It could have been. I just don't recall.

Senator LEVIN. And how was the idea of a limited partnership brought up? Whose idea was that?

Attorney General MEESE. That was Mr. Chinn's idea. This was the arrangement that apparently he used with a number of his clients.

Senator LEVIN. And were you involved in developing the agreement itself?

Attorney General MEESE. No. Mr. Chinn developed it and sent a copy to me.

Senator LEVIN. And was Mr. Wallach involved in developing that agreement, do you know?

Attorney General MEESE. Not that I know of.

Senator LEVIN. So you just got an agreement, it looked okay, and you signed it?

Attorney General MEESE. That's correct. My wife signed it as well.

Senator LEVIN. And you got no advice, to the best of your recollection, from Mr. Wallach at that time relative to that agreement?

Attorney General MEESE. I don't recall any advice or even discussing it with Mr. Wallach.

Senator LEVIN. And were there any conditions placed on the operations of the partnership that were not reflected in the partnership agreement?

Attorney General MEESE. No, not that I know of. The main interest that I had was to be sure this was an investment over which I had neither control or knowledge of how the money or where the money was being invested. And that was reflected in the partnership agreement.

Senator LEVIN. And was he authorized to buy stock on margin, do you know?

Attorney General MEESE. I'd have to look in the agreement to see whether that was there. He was given total control of the investment funds, and so far as I know, there were no limitations on it.

But it would be whatever the partnership provided.

Senator LEVIN. And you have since ascertained, or at some point ascertained that he did in fact buy stock on margin I take it?

Attorney General MEESE. I don't know whether he did or not.

Senator LEVIN. To this date, you don't know?

Attorney General MEESE. I don't know. It's entirely possible, but I don't know.

Senator LEVIN. If he did so, was he authorized to do it?

Attorney General MEESE. It would depend on what the partnership agreement said regarding whether there would be any prohibitions on that. I'd have to look at the agreement.

I believe that I have asked that a copy of this document here be filed with the Committee so it will be a matter of record for the Committee.

Senator LEVIN. It will be made part of the record.[1] Thank you.

First of all, how much money did you invest with Mr. Chinn in that partnership?

Attorney General MEESE. I didn't know the exact amount of money because we provided him with a number of shares of stock, 20 shares of this stock, 20 shares of something else, 30 shares of something else. He was then to sell those shares, put the proceeds of the sale into a fund, provide me an accounting of it and then use that fund as the basis for investments under his complete control and management.

Senator LEVIN. During the existence of the partnership, it was titled Meese Partners, is that correct?

Attorney General MEESE. That was the name that was allocated to it, yes.

Senator LEVIN. How many times would you say that you've talked to Mr. Chinn since Meese Partners was created?

Attorney General MEESE. I can't recall the exact number of times, but I would say probably between six and 12 times.

Senator LEVIN. And during any of these conversations, were there any discussions about purchases or sales by the partners?

Attorney General MEESE. You mean specific purchases or sales?

Senator LEVIN. Or in general.

Attorney General MEESE. Or in general. No, not really.

Senator LEVIN. What did you talk to him about generally?

Attorney General MEESE. Well, usually I was requesting him to send me a distribution of the partnership at certain times, usually at the time that the tuition was due for my daughter's college.

Senator LEVIN. And was there a log kept of the phone calls and visitors to your office in general, putting aside Mr. Chinn just for a minute?

Attorney General MEESE. Yes, there was generally——

Senator LEVIN. Do you have a log?

Attorney General MEESE. I have a log, daily calendar, which reflects the visitors, and a daily telephone log which reflects the calls.

Senator LEVIN. Now, were you informed of what was bought and sold by that partnership at any time prior to a few weeks ago?

Attorney General MEESE. I was not actually informed, no. Information was not available to me during the course of the year. I have since learned that information was available had I known about it in the annual partnership income tax filing. But I never looked at it or knew it was there.

Senator LEVIN. Just one additional question and then I'll turn it over to my colleagues.

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[1] See p. 231.

In your May 24, 1985, recusal agreement, you said that the entities in which Mrs. Meese or I have a financial interest are shown on Appendix A to this memorandum.

My question is, shouldn't the partnership that you entered into the day before have been included on that Appendix A?

Attorney General MEESE. Actually that wasn't a recusal agreement. It was a memorandum of recusal policy which I provided to people throughout the Department. And attached to that were a couple of appendices. Actually a draft of that whole document had been prepared sometime earlier in April by the Office of Legal Counsel of the Department.

By the time the 24th of May had rolled around, that memorandum had been published. By that time, we did have the limited partnership and it was inadvertently omitted from Schedule A.

Senator LEVIN. I'm not sure how you answered the question.

On May 24th, you had a recusal policy that you initialed.

My question is should that partnership interest not have appeared on Appendix A which, according to the policy, is "the entities in which Mrs. Meese or I have a financial interest"?

Attorney General MEESE. Well, when you say should, I think that raises a question. Because actually it was unnecessary to have the document itself or the appendix.

So, in the sense of should, was there a legal requirement, the answer is no.

On the other hand, if the appendix accurately portrayed all the things I had entered into on that date as opposed to the date when it was originally prepared, then I would have included it. Unfortunately, it was inadvertently omitted. But the subject was covered in the first page of the two-page recusal policy which says, "Pursuant to 18 USC, Section 208, I will disqualify myself from participation in any manner in which I have a financial interest within the meaning of that statute unless I obtain a waiver pursuant to Section 208(b)."

Senator LEVIN. Well, we'll come back to it because I don't think you've addressed directly my question.

Senator Roth.

Senator ROTH. Mr. Meese, have you tried to hide or conceal from the Office of Government Ethics or anyone else your limited partnership in Financial Management International, Inc.?

Attorney General MEESE. No, Senator. Indeed, I have perhaps provided more information than was actually necessary in order to portray accurately and fully every aspect of this particular partnership.

Senator ROTH. Now, did you review your 1985 ethics statement filing with the Justice Department Alternate Ethics Officer? I think it was Janis Sposato?

Attorney General MEESE. Yes, sir, I did. I reviewed that with her. They had some questions about various aspects, as is normally the case. I answered those questions, including questions specifically pertaining to the partnership.

Senator ROTH. But she did raise questions as to the limited partnership?

Attorney General MEESE. She inquired as to what it was and what the arrangements were. I explained those to her. And she

was satisfied with the way in which it had been portrayed on the form.

Senator ROTH. So it was clear to anyone who looked at your form that you did have this relationship?

Attorney General MEESE. Yes, sir.

Senator ROTH. Now, is Ms. Sposato a career or political appointment?

Attorney General MEESE. She is a career lawyer with the Department of Justice.

Senator ROTH. How long has she served with the Department?

Attorney General MEESE. I can't tell you exactly how long. She has been there during the entire time that I've been in the Department and sometime before that.

Senator ROTH. Would you supply that for the record?

Attorney General MEESE. I will.[1]

Senator ROTH. Now, Mr. Martin of the Office of Government Ethics seemed to say this morning, at least at one point, that the law is clear that you should have reported all the holdings of your limited blind partnership.

Do you agree, or do you think the law and regulations need clarification?

Attorney General MEESE. Senator, it wasn't clear to me or I would have supplied all that information at the time I filled out the form.

It obviously was not clear to Ms. Sposato or she would have asked me to provide that information, and I would have provided it.

It apparently was not clear to the Office of Government Ethics at that time because no one raised any question about that entry on the form. Had they done so, I certainly would have supplied the information.

So I think perhaps there is some question as to how clear the regulations or law is.

Senator ROTH. Was there anything in your investment with Financial Management International that involved the Wedtech Corporation?

Attorney General MEESE. No, sir, there was not. I have never had an interest or connection with Wedtech.

Senator ROTH. Was there any reason that Chinn was recommended to you because of earlier involvement with Wedtech?

Attorney General MEESE. None whatsoever.

Senator ROTH. Was Franklin Chinn, to your knowledge, a director of Wedtech at the time of your investment?

Attorney General MEESE. Not to my knowledge.

Senator ROTH. Were any questions raised by the Office of Government Ethics about your 1985 filing?

Attorney General MEESE. There were no questions raised directly with me. I understand they raised some questions about other aspects on the form, which is normal with the Designated Agency Ethics Official to clarify some other entries on the form. No ques-

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[1] The information was not provided to the Subcommittee at the time of printing.

tions were raised regarding the partnership, to the best of my knowledge.

Senator ROTH. No questions were raised directly with you?

Attorney General MEESE. No questions as to anything were ever raised directly with me.

Senator ROTH. How did you first learn of the concerns of the Office of Government Ethics?

Attorney General MEESE. Well, if there were concerns, I first learned something about it through the press.

Senator ROTH. Was there anything improper or illegal about the specific stock trades which FM engaged in on your behalf?

Attorney General MEESE. Not to my knowledge.

Senator ROTH. Would you explain what day trading is?

Attorney General MEESE. I'm not an expert on securities trading. My understanding is that it's buying a stock when the market opens or early in the day, and then selling it later in the day. It's often done with new issues that come on the market which appreciate in value during the course of the trading day.

Senator ROTH. Is that something unusual, to your knowledge?

Attorney General MEESE. I don't honestly know, Senator. I'm really not familiar with it. That's why the entire management of any investments we might have had were left with people who were expert in that field.

Senator ROTH. Did you have any advance knowledge of what these security trades were to be?

Attorney General MEESE. No, sir, I had no advance knowledge nor, for that matter, knowledge after they were made.

Senator ROTH. That's all the questions I have.

Senator LEVIN. Thank you.

Senator Chiles.

Senator CHILES. Mr. Meese, do you feel, in the light of the events of the last few days, that you've lived up to the commitment that you made in your letter to the Office of Government Ethics on January 23rd of 1985?

Attorney General MEESE. Yes, sir, I have, in every particular.

Senator CHILES. And you feel you've complied with both the letter and the spirit of the ethics law and in terms of the disclosure that you made?

Attorney General MEESE. Yes, sir. I have attempted to provide all the information that has been required by anyone, either by law or by specific request, and will continue to do so.

Senator CHILES. Does the Office of Government Ethics now have in their possession all the pertinent information regarding your outside business ventures, to include any financial arrangements which anyone might conclude might represent a conflict of interest?

Attorney General MEESE. I have provided to the Agency Ethics Official within the Department of Justice for transmission to the Office of Government Ethics a copy of the partnership agreement, and also a copy of all of the underlying sales, as well as a copy of this memorandum that's filed with the Committee, and the accompanying documents so that it has certainly been made available to the Office of Government Ethics. And I would certainly hope that,

if it's not there already, it will be provided to them in the due course of the regular process.

Senator CHILES. Are there any changes in the law that you'd suggest to this Subcommittee in relation to the timeliness of disclosure or the completeness of the disclosure or other changes that we should consider?

Attorney General MEESE. Senator, I think that perhaps there are some ways in which the law could be clarified. If I might, I would prefer to submit them for the record in a letter to the Committee rather than to try to describe them now so that I can be technically accurate.[1]

Senator CHILES. Was your disclosure on Monday an attempt to amend your financial disclosure form for 1985?

Attorney General MEESE. My public disclosure was to make this information available. I included a copy of what was made available to the public to the Associate Attorney General, who is the designated officer within the Department of Justice to review my financial disclosure form.

I have made that a part of the disclosure form for 1986, and have indicated that I will amend the 1985 form as well, based upon whatever the Office of Government Ethics says should be disclosed. As yet, I have not received any communication from the office as to what is necessary beyond what has already been filed with them for 1985.

Senator CHILES. Would that be why you didn't attempt to amend the form earlier?

Attorney General MEESE. Yes, sir. I have not received any information as to what additional information is required for 1985.

Senator CHILES. Do you have any concerns as to whether your limited blind partnership with Mr. Chinn would meet with the Office of Government Ethics' approval?

Attorney General MEESE. Well, Senator, I have no doubt that the partnership is a valid partnership. As an entity, it involves no conflicts of interest. It meets all the requirements as a valid way in which a public official can and should invest money.

As to what needs to be disclosed about that, as I mentioned earlier, I provided full information to the Designated Agency Ethics Official within the Department of Justice, answered questions about the disclosure, and received no other information directly from the Office of Government Ethics or anyone else that additional information was needed.

And I have repeatedly said, both publicly in this hearing and to the Ethics officials within the Department of Justice, that should more information be required I would be happy to provide it.

The process that is required by law is that when the Office of Government Ethics feels that some additional information is needed on a particular transaction, it's reported on the disclosure form, they have an obligation to provide him or her with the items of information needed so that he or she can comply.

I am in that position now and will certainly supply that information as soon as I am told what it is.

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[1] The information was not provided to the Subcommittee at the time of printing.

Senator CHILES. I think Senator Levin touched on this, but I didn't quite understand your answer.

Regarding your recusal agreement letter of May 24th of 1985, did you say why you failed to note your investment with Mr. Chinn in the appendix?

Attorney General MEESE. Senator, again, this is a recusal policy, it's not an agreement. But the recusal policy is set forth on two pages which is a memorandum to people in the Department. It has with it two appendices. This was prepared in April before I had the arrangement with Mr. Chinn.

When this was retyped on the 24th of May, 1985, on Appendix A the Financial Management International notation was inadvertently left off because it had not been there on the original document.

This appendix though is not what is utilized in order to be sure that I recused myself from all matters in which I have a financial interest. That's done separately by me with a check system within my office, by a member of my staff, who keeps a regular file of all financial matters in which I have an interest to be sure that I recuse myself in any such matters.

Senator CHILES. In that file that he keeps, would he have the Chinn partnership?

Attorney General MEESE. Yes, sir, he does.

Senator CHILES. He did have it?

Attorney General MEESE. He was familiar with the Chinn partnership and would have notified me if there had been anything that came into the Department of Justice relating to Mr. Chinn or relating to Financial Management International.

Senator LEVIN. Senator Stevens.

Senator STEVENS. Mr. Meese, Section 206(a)(2) of the Financial Disclosure Act states that "If the Director of the Office of Government Ethics, Secretary concerned, or Designated Agency Official, after reviewing any report under Subsection (a) believes additional information is required to be submitted, he shall notify the individual submitting such report what additional information is required and the time by which it must be submitted." And it goes on, "If he's of the opinion on the basis of information that the individual is not in compliance with applicable laws and regulations, he shall notify the individual and afford him a reasonable opportunity for written or oral response and, after consideration of that response, reach an opinion as to whether or not, on the basis of the information submitted, the individual is in compliance with such laws and regulations. If he reaches the opinion that he is not in compliance, he notifies the individual of that opinion, and after an opportunity for personal consideration and determination, notifies the individual what steps, if any, in his opinion, would be appropriate for ensuring his compliance."

Now, did the Director of the Office of Government Ethics notify you that he had a request from a Congressman to look into your filing?

Attorney General MEESE. No, sir.

Senator STEVENS. Did he ask you for any information?

Attorney General MEESE. No, sir.

Senator STEVENS. Did he in any way notify you that you, in his opinion, were not in compliance?

Attorney General MEESE. No, sir.

Senator STEVENS. We have a letter, dated May 11th, addressed to Senator Levin, which I find appalling in view of the statute. It sets forth that you have filed two reports; that there's a financial interest in question, a limited blind partnership. It states the Department of Justice did not raise any question with this office, being the Office of Government Ethics, concerning this limited blind partnership.

Did the Office of Government Ethics ever notify you it had any question about the limited blind partnership?

Attorney General MEESE. No, sir.

Senator STEVENS. Mr. Chairman, are we going to have an opportunity to have Mr. Martin come back here and explain his violation of this law?

Senator LEVIN. Well, he explained it this morning, but if there is a desire to have him come back, he surely will. He went into it in some detail this morning and you weren't able to be here.

Senator STEVENS. I was on the floor, and I'm sad that I was not able to be here because, having been Chairman of the Ethics Committee, I do have some interest in this concept of full compliance. And it seems to me that if there is going to be compliance by the office—by anybody in terms of ethical standards, it ought to be by the Director of the Office of Government Ethics.

Now, you stated in your statement that these materials show conclusively that none of the partnership's investments involved in any way Wedtech Corporation. These are the materials you filed for the Committee's record, is that right?

Attorney General MEESE. Yes, sir.

Senator STEVENS. Has the Office of Government Ethics asked for any information from you about the Wedtech Corporation?

Attorney General MEESE. No, sir, they have not.

Senator STEVENS. Mr. Chairman, I fail to see what the relevancy of all the questions you asked concerning Wedtech is. What is the question here about Wedtech today? Is this the filing under the Government Ethics Disclosure Form or something about Wedtech? Where does Wedtech come in, Mr. Chairman?

Senator LEVIN. Well, it comes in in a number of places and I've outlined them. But we'll get back to that with further questions when my time comes around again.

Senator STEVENS. Well, I'll be happy to be here when that happens. It seems to me that we do have some real serious questions here concerning compliance by the Office of Government Ethics with the basic statute that we passed in 1978.

Now, as I understand it, Mr. Meese, at the time you filed these statements, you gave them first to an Assistant Attorney General?

Attorney General MEESE. I gave them to an Associate Attorney General.

Senator STEVENS. Associate Attorney General.

Attorney General MEESE. He is the person who has responsibility under Department regulations for reviewing my filing. And we went to an Assistant Attorney General who is the further designated Ethics Officer for the Department.

Senator STEVENS. Now, was that a procedure established before you became Attorney General?

Attorney General MEESE. Yes, sir, it was.

Senator STEVENS. Was that person your appointee?

Attorney General MEESE. Janis Sposato, in the Justice Management Division, was not my appointee. The Associate Attorney General was my appointee, yes.

Senator STEVENS. The first person you gave it to is a person that came into the Department under your administration?

Attorney General MEESE. Right.

The Associate Attorney General who heads the Justice Management Division is an appointee of the President. The Assistant Attorney General is an appointee of the President. The career lawyer is a career appointee within the Department.

Senator STEVENS. And that's the woman who reviewed the matter and does have the contact for the Office of Government Ethics, is that correct?

Attorney General MEESE. She did the legal work, yes. And that is the division that has the contact. I'm not sure exactly whether technically the Assistant Attorney General or the lawyer, the General Counsel for that Division, is the direct contact. But certainly the General Counsel is the primary person who reviews these matters within the Justice Management Division.

Senator STEVENS. Do I understand that Financial Management International, Inc. is Mr. Chinn's corporation?

Attorney General MEESE. Yes, sir, it is.

Senator STEVENS. You don't have any interest in that?

Attorney General MEESE. No, sir.

Senator STEVENS. It was through that, that you invested in the Meese Partnership. His form of management is one in which each person forms a limited partnership in which he, Mr. Chinn's a partner and you're a partner, is that correct?

Attorney General MEESE. Financial Management International was a partner, and we are partners, yes.

Senator STEVENS. You are a partner with Financial Management?

Attorney General MEESE. Right. They serve as the general partner. As you say, it is the vehicle whereby the investments are made, yes, sir.

Senator STEVENS. Now, at any time, did the Department of Justice's Designated Ethics Official notify you that there was any problem with the report insofar as your disclosure of the Financial Management International limited blind partnership concept was involved?

Attorney General MEESE. There was never any notification. There was a problem. They did ask some questions about it to find out what that was all about to be sure that it was a proper disclosure and that the proper information was provided.

I answered those questions, and they were fully satisfied that the proper information had been provided.

Senator STEVENS. I want to make sure because I want to get Mr. Martin back here. But I want to make sure, to your knowledge, has anyone in the Department of Justice indicated to you any contact from the Office of Government Ethics before they responded either to the Congressman or to Senator Levin concerning your disclosure?

Attorney General MEESE. I have learned since the public information was published in the news media that there had been a contact between the Office of Government Ethics and the Department, which was not known to me at the time, in April of 1987 about the 1985 form that was filed in 1986.

Senator STEVENS. But the statute specifically says that the Office of Government Ethics has the duty to notify the individual in three different places. There was no individual notification to you as to what additional information would be required or that you were not in compliance in terms of the judgment of the Office of Government Ethics, or the steps which, if any, which could be done appropriately to assure compliance with those laws and regulations? That was never given to you?

Attorney General MEESE. No, sir, it was not.

Senator STEVENS. Thank you very much.

Senator LEVIN. Thank you, Senator Stevens.

Mr. Meese, on May 24th, 1985, you signed and circulated this recusal policy, and we were talking about that when my time ran out last time.

You testified, I believe, that you were not required to circulate that recusal policy, is that correct?

Attorney General MEESE. That's correct, sir.

Senator LEVIN. Now, is it not true that the Ethics in Government Act requires you to circulate that recusal policy because you had made a commitment to the Judiciary Committee that you would in fact do so?

Attorney General MEESE. I was required to develop and to provide such a recusal policy. I don't know that there was any requirement for circulation. In any event, I did circulate.

Senator LEVIN. But you said before you sort of tried to diminish the importance of that appendix, and you said, well, gee, there was no obligation on my part to even circulate that policy.

Attorney General MEESE. It was a requirement to develop a recusal policy which, of course, I did.

Senator LEVIN. Let me read you Section 211:

> In any case in which an individual agrees with a Senate Confirmation Committee to take any action to comply with this Act or any other law or regulation governing conflicts of interest or establishing standards of conduct applicable with respect to officers or employees of the Government, that individual shall notify in writing the Designated Agency Official, the Office of Government Ethics, and the appropriate committee of the Senate, as the case may be.

So you had to notify those entities of your action?

Attorney General MEESE. Yes, sir, and I did so.

Senator LEVIN. It's a little different impression than you gave before which was——

Attorney General MEESE. No, not at all. Same impression.

Senator LEVIN. Well, the record will reflect and those who heard the testimony——

Attorney General MEESE. The record will reflect that I said I did not have to circulate that to the heads of offices, bureaus, boards and divisions. I only had to establish such a policy and notify people in the Act. All of those things were done.

Beyond that, we also sent the recusal policy to all of the other components within the Department of Justice.

Senator LEVIN. The record will speak for itself.

Now, on April 29th of that year, is it not correct that the Acting Assistant Attorney General in the Office of Legal Counsel, Mr. Tarr, sent you a memorandum saying that the deadline for circulating the recusal policy and for divesting these holdings is May 24, 1985. Is that not correct?

Attorney General MEESE. That's correct.

Senator LEVIN. And he also notified you, did he not, that please note we compiled the attached list of your current financial holdings, Appendix A to the draft recusal policy, from your financial disclosure report, dated January 10, 1985. This list must be revised, of course, if there are any changes in your financial holdings other than divesting the items listed in Appendix B. Is that correct?

Attorney General MEESE. It's correct that he sent me that memorandum, yes, sir.

Senator LEVIN. And did you read that memorandum?

Attorney General MEESE. I did read that memorandum.

Senator LEVIN. So that you were specifically notified that you must revise the list if there are any changes in your financial holding.

Now, my question is why didn't you revise the list as he told you you must?

Attorney General MEESE. Well, first of all, when he said must, he meant must in order to make it correct. There's no legal requirement that that list be revised at all.

However, it was inadvertently omitted, as I mentioned.

Senator LEVIN. By you?

Attorney General MEESE. It was inadvertently omitted when it was typed up. I did not spot the omission when it was typed up.

Senator LEVIN. So you don't take responsibility for the inadvertence?

Attorney General MEESE. Well, certainly. I was equally responsible with everybody else in this.

Senator LEVIN. Okay. What I am trying to do is identify here whether or not you accept at least making that one error?

Attorney General MEESE. I accept responsibility for the fact that a particular entry was inadvertently omitted from the appendix which was unnecessary on the recusal policy, yes.

Senator LEVIN. Now, you say the appendix was unnecessary on the recusal policy. The recusal policy which your own assistant said must be circulated by May 24th, your memorandum which you signed said that I have attached Appendix A and the entities in which Mrs. Meese or I have a financial interest are shown on that appendix.

Are you suggesting that's not part of the policy?

Attorney General MEESE. It is not part of the policy. It's part of the memorandum. And had that been deleted, I would still have complied with everything I assured the Senate that I would do.

Senator LEVIN. But it was attached to it, wasn't it, that Appendix A?

Attorney General MEESE. That's right.

Senator LEVIN. I don't know why you want to avoid that. It seems to me if you make reference in your own policy on May 24th to something, and you say the entities in which Mrs. Meese or I

have a financial interest are shown on Appendix A to this memorandum.

I don't know why you are trying to avoid saying that Appendix A is part of that memorandum.

Attorney General MEESE. I have not avoided it, and my position on that matter speaks for itself.

Senator LEVIN. And even though your assistant, again Mr. Tarr, told you that you must revise this prior to circulating it, you didn't. You didn't revise it, did you?

Attorney General MEESE. I think it was inadvertently omitted from the appendix. It was a provision of the recusal policy that I would recuse myself in any matter in which Financial Management International came up. So I think the important thing is, as I said in my opening statement, that I have followed all the requirements of recusal statutes and my agreement with the Senate at all times.

Senator LEVIN. Well, that's what you feel is important and you have testified to that.

Attorney General MEESE. Yes, sir.

Senator LEVIN. But my feeling is somewhat different. My feeling is that you were notified that you must revise the list if there are any changes in your financial holdings prior to circulation of the policy. And you didn't do it, did you?

Attorney General MEESE. My answer is already in the record.

Senator LEVIN. I think that's an important question so could you give us a direct answer?

Did you in fact revise this as you were told you must?

Attorney General MEESE. No, I did not revise the recusal policy.

Senator LEVIN. No. Did you revise Appendix A, as you said you must. It says "The list". "The list." That is Appendix A. "This list must be revised, of course, if there are any changes in your financial holdings."

My question is, did you revise it as you were told you must?

Attorney General MEESE. I did not revise the appendix that was attached to the recusal policy. I did, of course, provide that the information about Financial Management be included in the list that was used for recusal purposes within my office.

What I am saying is, that as far as the recusal policy is concerned, the law was followed. The appendix has no legal effect nor was it required.

Senator LEVIN. The policy was required?

Attorney General MEESE. The policy was required.

Senator LEVIN. The appendix was referred to in the policy?

Attorney General MEESE. Right.

Senator LEVIN. And was attached to the policy?

Attorney General MEESE. Well, the appendix——

Senator LEVIN. Is that true? It was not attached to the policy?

Attorney General MEESE. The appendix is not a part of the policy. The appendix was referred to in the memorandum that set forth the particular policy. It says very clearly here the——

Senator LEVIN. Well, let me read you——

Attorney General MEESE [continuing]. The policy is included in the statement that starts the second full paragraph. "I am recusing myself from participation in any of the following matters" and

ends, "Finally, I will recuse myself from participation in any matter in which, in my judgment, it is desirable for me to do so in order to avoid an appearance of impropriety." That is the policy. Then the memorandum goes on to say——

Senator LEVIN. But now keep reading.

Attorney General MEESE. The memorandum goes on to say: "To assist you in identifying matters from which I may be disqualified, the entities in which Mrs. Meese or I have a financial interest are shown on Appendix A to this memorandum." That is not a part of the policy; it is a part of the memorandum.

Senator LEVIN. It is part of this memorandum?

Attorney General MEESE. Yes, sir.

Senator LEVIN. All right. And just to summarize this point here, that I am making: is it not a fair statement, just taking the straight English language from your own assistant's memo to you of April 29th, that you were told that the list—that is, Exhibit A, Appendix A—that list must be revised, of course. Of course it must be revised, he told you, if there are any changes in your financial holdings, other than divesting the items listed in Appendix B prior to circulation of the recusal policy.

And I am just asking you a straightforward question, did you revise that as you were told you must? That is my question.

Attorney General MEESE. And again, the implication that you are making that I must makes it sound like——

Senator LEVIN. No. That is not my word.

Attorney General MEESE [continuing]. Make it sound like a matter of law.

Senator LEVIN. No. That is not my word. That is your assistant's word, "must."

Attorney General MEESE. He said I must in order for it to be correct, is the implication that I drew. The answer to your question is no. Inadvertently, Financial Management was left off.

Senator LEVIN. All right. And you left it off?

Attorney General MEESE. Certainly.

Senator LEVIN. All right.

Attorney General MEESE. Or whoever typed it left it off, but I am responsible for it.

Senator LEVIN. Well, you did——

Attorney General MEESE. No, I did not type it, Senator.

Senator LEVIN. You did sign it, though?

Attorney General MEESE. I initialed it.

Senator LEVIN. Yes. Did you read it before you initialed it?

Attorney General MEESE. Yes, sir.

Senator LEVIN. Good. At least you read it before you initialed it, even though you did not type it, right?

Attorney General MEESE. I read it and I initialed it.

Senator LEVIN. Now my time has expired, so we will go, again, to Senator Roth.

Senator ROTH. Let me ask you this, Mr. Meese. Every time there was an addition to your financial holdings, were you required to make a new listing?

Attorney General MEESE. No, sir. I was not. As a matter of fact the listing, to ensure that I recused myself properly, was not based on the appendix of this document. It was a separate file that is

maintained by an assistant in my office. And each time there was any change—and there have not been that many changes in our financial situation—but any time there is a change, that assistant is notified so that that file may be kept up to date.

Senator ROTH. And you did testify that in that file there was a record of this partnership?

Attorney General MEESE. Yes, sir.

Senator ROTH. So that from the point of view of substance, you would have been recused from handling any matter relating to it?

Attorney General MEESE. Yes, sir. I would.

Senator ROTH. Have you personally checked it to make sure that that is included as part of the record?

Attorney General MEESE. Yes, sir. I have checked to make sure that the assistant was aware of, and that the file contains information relating to, Financial Management International.

Senator ROTH. When was the partnership actually filed in California?

Attorney General MEESE. My understanding, Senator, it was actually filed in California some time in August of 1985.

Senator ROTH. Now I would like to go to some occurrences from this morning. I asked the Director of the Office of Government Ethics whether the financial disclosure law needed amendment or clarification. He thought not. I must confess I am not so sure of that.

Now, if a Government official wishes to enter into a blind financial arrangement that cannot meet the statutory definition of a qualified blind trust, what is he to do?

I do not believe that the financial disclosure law should have the effect of barring investments. Officials should be able to invest prudently. The law should only require disclosure, in some cases recusal. Now as I read the statutory definition of a qualified blind trust, it excludes situations where the trustee is a partner.

So as I understand the facts, Mr. Chinn was a partner of yours. Thus the limited partnership, as such, could not be approved as a qualified blind trust. Therefore, your only recourse was to disclose the assets of the partnership.

But I gather you, for reasons entirely consistent with the financial disclosure law, wished the specific assets to be blind. Is that correct?

Attorney General MEESE. That is correct, Senator, and I agree with you. I think that a public official should be able to have an arrangement such as this in which he, or she, has no knowledge of what investments the funds are made in, so that you can have a totally blind situation. I believe that that should be lawful.

It seems to me, that having to disclose what the transactions are, is counterproductive to the concept of that official having no knowledge of what the investments are.

Senator ROTH. Well, it seems ironic to me, that in the name of conflicts-free Government, OGE would require you to find out the identity of your assets and disclose them on the form. In short, the current law, as interpreted this morning, would make an official investing in a limited blind partnership either give up the blindness or give up the partnership. I am not sure whether that result is desirable as a matter of law.

So, it does seem, to me, there may be some need for amendment to the legislation. Would you agree?

Attorney General MEESE. Yes, sir. I certainly do.

Senator ROTH. That is all the questions I have, Mr. Chairman.

Senator LEVIN. Senator Stevens.

Senator STEVENS. As I understand it, the letter that the Chairman has, that is a letter of April——

Senator LEVIN. The recusal policy?

Senator STEVENS. The letter that said that he must disclose the changes.

Senator LEVIN. 28th or 29th.

Senator STEVENS. Now that letter is dated April 28th?

Senator LEVIN. It was received on that date.

Senator STEVENS. Or received on that date. This letter of yours is dated May 24th, your recusal policy distribution. As I understand—let me just ask you: Is your policy the same as ours, that the date that is placed on the document is the date when you finally initialed it rather than the date when it is prepared?

Attorney General MEESE. Yes, sir. That is correct.

Senator STEVENS. So that after you had initialed it, that went out, and it was dated by someone in your office?

Attorney General MEESE. I believe that this was probably dated on or about the time that I initialed it.

Senator STEVENS. I see. And in that you notified whoever received that recusal policy memorandum, that you had divested yourselves of the stocks and bonds listed in Appendix B?

Attorney General MEESE. Yes, sir.

Senator STEVENS. That was done pursuant to the partnership agreement, was it not?

Attorney General MEESE. Yes, sir. The divestment was through the providing of those stocks to Mr. Chinn, to Financial Management International. Then they were sold and the proceeds invested in the partnership pursuant to the agreement.

Senator STEVENS. Now my staff tells me that there is some problem about your not having found some of those stocks at the time, or something, is that right?

Attorney General MEESE. Well, there was a problem in the sense that we did sell Sterling Drug and Safeway Store stocks, but we did not find all the certificates, and later we found that we had not sold all of them because we kept getting a smaller amount of dividends from them.

Also, we did not find at the time the Los Angeles Housing Authority bonds, and we still have those.

Senator STEVENS. But the May 24 letter says:

> Steve Galebach, a senior special assistant in my office, will maintain a current list of my financial holdings, and will screen all matters presented to my office to assure that any potential conflicts of interest are avoided.

Attorney General MEESE. Yes, sir.

Senator STEVENS. Was there notice available to Mr. Galebach that you had in fact this new arrangement with Mr. Chinn's Financial Management International corporation?

Attorney General MEESE. Actually, it was made available to Mr. John Richardson who, very shortly after that, took over the responsibilities from Mr. Galebach. Mr. Richardson has had that information, and does have it at the present time.

Senator STEVENS. Now your commitment to the Committee that reviewed your confirmation was to develop a recusal policy, right?

Attorney General MEESE. Yes, sir.

Senator STEVENS. Did you make a commitment that you would circulate all the items that you then had any kind of financial interest in?

Attorney General MEESE. No, sir.

Senator STEVENS. So Appendix A was your commitment to the Committee?

Attorney General MEESE. Yes, sir.

Senator STEVENS. I have been looking over this term, qualified blind trust in this 1978 Act, and I find, at first reading, that the trustee, in this instance, is a financial institution, is that right? That is, the Financial Management International is the financial institution?

Attorney General MEESE. It is a financial firm.

Senator STEVENS. Firm.

Attorney General MEESE. I do not know whether it would qualify as a financial institution in the sense of being a bank, or some other type of institution.

Senator STEVENS. Well, let me shorten it by asking, has anyone in the Office of Government Ethics informed you why this blind limited partnership did not satisfy the requirements of the statute concerning a qualified blind trust?

Attorney General MEESE. No, sir.

Senator STEVENS. I am getting redundant, the questions I asked before, but I just want to make sure that they did not come to you and say, now, look, Mr. Attorney General, you have got an arrangement here that does not satisfy the statute and you will have to do this to comply with our interpretation of the law. They did not do that?

Attorney General MEESE. No, sir. I have received no such notification, or any notification from the Office——

Senator STEVENS. Well, I want you to know, as Chairman of the Ethics Committee, when we had such questions raised about a Senator, we immediately went to the Senator first, in compliance with the statute, and said give us your interpretation, what have you done, and then we would go back and say what you have done does not comply with our interpretation of the statute. Now if you want to meet with the Full Committee, let us know.

I think you have been abused, Mr. Attorney General.

Senator ROTH. If the Senator would yield, I think an important point, though, is that a partnership could not be qualified under the statute, isn't that correct?

Attorney General MEESE. I believe there is a provision that says that.

Senator STEVENS. But he was not notified of that, as I understand it, by the people designated within the Department to review the law and his file.

Attorney General MEESE. I have learned since that time what Senator Roth has stated from others, who are not necessarily experts on the statute, but at no time have I received that or any other information from the Office of Government Ethics.

Senator LEVIN. Did I just understand you to acknowledge that this could not have been qualified by the Office of Government Ethics? I am not sure what your answer was to Senator Roth's question.

Attorney General MEESE. I said that I have been informed that that is the case. I do not know, of my own knowledge.

Senator LEVIN. Did you initiate any effort with the Office of Government Ethics relative to this interest, to see if it could be qualified as blind?

Attorney General MEESE. No, sir. I did not.

Senator LEVIN. Now the law reads, "That except as provided in paragraph two"—this is the Ethics In Government Act—"each reporting individual shall report the information required to be reported pursuant to subsection (a), (b) and (c) of this subsection with respect to the holdings of and the income from a trust or other financial arrangement from which income is received."

You were required to disclose the transactions of that partnership under the only reading of that section that I think makes any sense at all. Now do you read that section differently?

Attorney General MEESE. I do not have that in front of me, Senator, so I cannot read it.

Senator LEVIN. You have not read this during the last few days?

Attorney General MEESE. I have read it, yes.

Senator LEVIN. All right.

Attorney General MEESE. I am not sure of the section you are referring to.

Senator LEVIN. Well, let me read it to you. "Except as provided in paragraph two"—which is where a qualified blind trust gets qualified—"each reporting individual shall report the information required to be reported pursuant to subsection (a), (b) and (c)."

That is information you did not report on your 1985 and 1986 disclosures.

Attorney General MEESE. Well, I am not sure——

Senator LEVIN. Let me just finish, if I can.

Attorney General MEESE. What I did report——

Senator LEVIN. Let me just finish. "Each reporting individual"—that is you—"shall report the information to be reported." That means that you have got to report the sales, purchases and sales of that partnership, unless it is qualified under subsection 2. That is what it said.

Now you did receive income and had a holding in a financial arrangement. I do not think there is any doubt about that. I do not think you are arguing that, are you? Or are you?

Attorney General MEESE. No.

Senator LEVIN. So you did receive income from and had an interest in a financial arrangement, and yet you did not report the transactions of that arrangement in your 1985 disclosure or in your 1986 disclosure, putting aside what the OGE did not do, just for a moment. I am talking about what you did not do in your disclosure statement.

I mean, you are the number one lawyer in the country. You are our Attorney General. You are supposed to be familiar with the law, and it reads pretty clear to me.

Now, why did you not disclose the information required to be reported pursuant to subsections (a), (b) and (c) on your 1985 disclosure statement? Why did you not do what the law said you had to?

Attorney General MEESE. Senator, I felt that I was doing what the law said. I provided the information concerning Financial Management International. In addition to that, I put the notation that it was a limited blind partnership. I put down the amount of income that was received from that source.

I did not have any other information. In other words, it would defeat the concept of a blind limited partnership if I had information as to the holdings, and so I did not.

Senator LEVIN. But you are not arguing that that was a qualified entity, are you?

Attorney General MEESE. No. I am not.

Senator LEVIN. You never went to the OGE to get it qualified, did you?

Attorney General MEESE. No, sir.

Senator LEVIN. So the law says that unless you have got it qualified you have got to disclose stuff, which you did not disclose.

Attorney General MEESE. I disclosed everything that I thought was necessary. This was agreed to by the Department of Justice lawyers and the Department of Justice ethics officers, and I have never been notified by anyone else that it was not proper.

Senator LEVIN. Well, now that you know what the law says, that you must disclose the information on the transactions of that entity, unless it is qualified—now that you know that that is what the law said—are you going to go back and amend your 1985 and 1986 disclosure?

Attorney General MEESE. I will amend my 1985 and 1986 disclosures as soon as I am informed by the Office of Government Ethics what it is I am required to disclose.

Senator LEVIN. So you are still not satisfied that you have to disclose the holdings of that partnership until and unless it was qualified? You are still not satisfied on that?

Attorney General MEESE. Well, I want to know from the Office of Government Ethics what it is they want me to disclose, as the law provides that they must do, and when they do that I will disclose anything that is required.

Senator LEVIN. The law requires certain things of them, that is clear, and I agree with you, and we talked about that this morning. The law also requires certain things of you, and here is what the law requires.

Attorney General MEESE. And I have complied with that, Senator, to the extent that everything I have done so far has been approved.

Senator LEVIN. All right. Except they did not approve any blind entity for you, did they?

Attorney General MEESE. Nobody asked them to approve any blind——

Senator LEVIN. You did not request them to, did you?

Attorney General MEESE. That is right.

Senator LEVIN. And the law says that unless you get something approved by the OGE pursuant to paragraph two, you have got to report the holdings and transactions of that financial interest under the earlier paragraph. You did not do it——

Attorney General MEESE. That is not what I have been told up to this time, Senator.

Senator LEVIN. All right. So you were told something differently by your legal adviser?

Attorney General MEESE. Yes, sir, and I have never been told anything to the contrary by the Office of Government Ethics.

Senator LEVIN. I understand. But now, again, let me make it clear, now, because you are setting a pattern for a lot of people as the Attorney General. What you say carries a lot of weight, and we want to let people know how they read laws. You are familiar with this law now, and it says, except—as provided in a certain paragraph—where qualification is allowed under OGE, each reporting individual shall report certain information, and you are saying you are not going to do anything, you are not satisfied you have got to report it until the OGE tells you.

That is what your statement is, and I do not think that, frankly, is the position you should take as Attorney General. I think you ought to read the statute here, which is very clear, that you must report. It says shall. "Each reporting individual shall report the information required," and I do not think you have to wait for anybody to tell you that your disclosure is not in compliance.

I happen to agree. I do not think the Office of Government Ethics did what they should have done. We went into that this morning. They have acknowledged that, by the way.

They acknowledged that they should have caught it, even though the way you described your partnership they thought was misleading. They also testified to that. Because you never used the word Meese Partners.

But putting that aside, just for the moment, we are talking about your responsibility under law, and under the law it says you shall report the information required, unless.

Attorney General MEESE. Senator, in another provision of the law, it says that the source, type, and amount, or value of income from any source other than employment must be reported.

I reported properly under that section. And you have to look at all the sections of the law. I believe I reported properly, regarding the type of transaction I had, and no one has at any time told me that that was incorrect.

I have also said that I will be happy to provide any information that may be necessary in addition to that.

Senator LEVIN. Were you told that you did not need prior approval by the OGE of that limited partnership? Were you ever told that?

Attorney General MEESE. I was never told that I did not need prior approval, and I was never told that I needed prior approval.

Senator LEVIN. Well, except the law tells you that?

Attorney General MEESE. No. Because it is not a blind trust within that provision of the law.

Senator LEVIN. Exactly.

Attorney General MEESE. Right.

Senator LEVIN. And it says unless it is a blind trust——

Attorney General MEESE. Nobody ever said that it was.

Senator LEVIN. "And unless it is a blind trust—it says—you must report that information." That is exactly right.

Attorney General MEESE. Well, I am not going to quibble.

Senator LEVIN. It is not a quibble. It is the law. Mr. Meese, during your Senate confirmation hearings you stated that you and your wife do not engage in speculative stocks of any sort. You said that you were very conservative in all of your financial dealings. Was your Chinn partnership interest a departure from that approach?

Attorney General MEESE. No, sir. It was not speculative at all. We made a good return, 18 to 20 percent on our investment.

Senator LEVIN. Does that mean it was not speculative?

Attorney General MEESE. Yes, sir.

Senator LEVIN. Are you saying that because you made a 20 percent, or whatever it was, return, that the——

Attorney General MEESE. Yes, sir. I had good authority that he had been a reliable securities manager who had made a good return of that nature for other people, and so I in turn invested with him on that basis. I did not regard that as speculative at all.

Senator LEVIN. All right. Did you not sign the agreement which provided that "it is understood that execution of this policy may, from time to time, involve investment and trading techniques generally considered aggressive, such as the buying and selling of options; investment of the entire portfolio temporarily in a single industry or security; and a frequency of portfolio turnover far beyond what might be considered normal in the discretionary accounts of brokers and investment advisers?" Do you remember signing that in your partnership agreement?

Attorney General MEESE. I believe that is in the partnership agreement, yes.

Senator LEVIN. Would you call that a conservative investment strategy?

Attorney General MEESE. Yes, sir. I would. I would call the entire agreement a conservative investment strategy, yes.

Senator LEVIN. And just so we are clear on the record because these were obviously—every one of these purchases was in and out the same day, as I understand them—your partnership agreement said that you authorized him to engage in a frequency of portfolio turnover far beyond what might be considered normal in a discretionary account, and could pursue an aggressive policy including the buying and selling of options, and you called that a conservative investment strategy?

Attorney General MEESE. I considered that my entire investment with a reliable investment manager in the form of Mr. Chinn, and a reliable company in the form of Financial Management International, Incorporated, was to me a proper conservative investment and it has turned out to be.

Senator LEVIN. And just in reference to that language itself that I read to you, do you consider that to be a description of a conservative investment strategy? Just what I read to you, do you consider that conservative?

Attorney General MEESE. I do not know whether it would be or not.

Senator LEVIN. Thank you.

Attorney General MEESE. But the entire agreement certainly was.

Senator LEVIN. Senator Roth.

Senator ROTH. Yes. I am bothered somewhat by the line of questioning because I am not certain that it is the responsibility of Government to try to dictate what kind of investments you make, as long as there is not a conflict of interest.

And I think the thing that is important here, what we are talking about, is just not you, Mr. Meese, but how does this apply generally to Federal employees.

Now what was your purpose in going into this limited partnership?

Attorney General MEESE. Senator, my purpose was severalfold. First of all, it was a matter of divesting myself of the stocks that we had which were publicly traded securities, so as to avoid any possible conflict of interest.

Secondly, it was to invest in a way in which I would have no knowledge of what the funds were being invested in, or any control over their investment, again, to avoid any possible conflict of interest.

Senator ROTH. Now I take it——

Attorney General MEESE. And just one other.

Senator ROTH. Please proceed.

Attorney General MEESE. And thirdly, it was my purpose to obtain a reasonable return on our investment because this was the only real fund of money that our family had for some rather unusual expenses relating to the education of our children.

Senator ROTH. So the purpose of the limited partnership was to try to avoid a conflict of interest?

Attorney General MEESE. Yes, sir.

Senator ROTH. But you did not apparently understand at the time that a limited partnership could not be blind, is that a fair statement?

Attorney General MEESE. Well, I understood that it can be blind, but as a blind limited partnership, I also understood that I had to report the income from it——

Senator ROTH. That is correct.

Attorney General MEESE [continuing]. And that it did not qualify, in a technical sense, as a blind trust, which is another type of arrangement.

Senator ROTH. So that goes back to my earlier questioning, that there may be a need to make some revisions in the law.

Now let me ask you this question. As it turned out, do you know now, were all the investments of this one-day trading, or whatever they called it, under this limited partnership?

Attorney General MEESE. I would have to look at the various transactions that took place which were included in the document which has been filed with the Committee. I do not know because I have not gone through those in detail as to whether they were one-day trades, or not.

Senator ROTH. Because to the extent they were, there was no longer any conflict of interest after that day, is that correct?

Attorney General MEESE. That would be correct, and I think it is correct that most of them are, but I have not gone into it in detail.

Senator ROTH. But let me ask you this. To what extent should a Federal employee be able to rely on the advice of the OGE, as well as attorneys within the employee's agency. Now, in your case, you are, of course, the top lawyer of the country. But what should be the general rule with respect to Federal employees? Is it enough to say that employees can rely on the OGE or what is the responsibility of the individual employee.

Attorney General MEESE. Senator, in the first instance, of course, the employee has to rely on the reading of the regulations. But I think that an employee would have to be able to rely upon the instructions and requirements of the ethics official within the agency in the second instance, and third, upon the Office of Government Ethics.

Senator ROTH. I have no further questions. Thank you.

Senator LEVIN. Senator Stevens.

Senator STEVENS. Part of this is because I was not here this morning. I apologize to everybody because of this but, as I understand it, you filed your disclosure report with the designated agency official after it had been reviewed by the person there in your office, is that right?

Attorney General MEESE. That is correct.

Senator STEVENS. And that is supposed to be transmitted to the Office of Government Ethics within a period of time, 60 days?

Attorney General MEESE. Yes, sir.

Senator STEVENS. The record here shows this was not sent over for several months, is that right?

Attorney General MEESE. It was sent within the 60 days, if I remember correctly, and then it was there for several months.

Senator STEVENS. I see.

Attorney General MEESE. At the Office of Government Ethics.

Senator STEVENS. Now, we are actually concerned with two filings, aren't we? One in 1985 and one in 1986, is that right?

Attorney General MEESE. Well, a filing for the year 1986 has just recently been made. I believe the questions that have been bandied about in the press had to do with the 1985 filing.

Senator STEVENS. Well, let me ask you this. Did anyone ever inform you that the concept that the Financial Management International, Inc. use of the limited blind partnership, did not satisfy the requirements of the Financial Disclosure Act?

Attorney General MEESE. No, sir.

Senator STEVENS. Now, as I understand it, what the Chairman is suggesting is you should go back and get a listing of everything that Financial Management invested in and you should disclose it. If you did that, that would violate the whole concept of not having a conflict of interest, wouldn't it?

Attorney General MEESE. Yes, sir, it would.

Senator LEVIN. Meese Partners.

Senator STEVENS. Well, Meese Partners, as far as he is concerned, is Financial Management, Inc., his investment in it, is it not?

Attorney General MEESE. Yes, sir. Financial Management International was, of course, the general partner which did all of the investing. The answer is yes, it would defeat the idea of a blind partnership.

Senator STEVENS. As I understand this law, it says that if the Director of the Office of Government Ethics is of the opinion, on the basis of information submitted, that individual is not in compliance with the applicable laws, he notifies the individual, not only to give the opportunity to make a response, but then he should determine which steps, if any, would, in his opinion, be appropriate for assuring compliance with such laws and regulations and the date by which such steps must be taken. My advice to you is to tell the Office of Government Ethics to get off the dime and comply with the law, Mr. Attorney General, because they have the duty, under this, to tell you what you must do to come into compliance, if you are not in compliance.

They cannot just throw it back to you and say comply with the law. They have the duty to interpret that law and to tell you. Not this Committee or that Chairman, or me, but that Director has the duty of doing it, just as we did when I was Chairman of the Ethics Committee and notified many Senators that their filing was not in compliance with the rules that applied to the disclosure of financial information by members of the Senate. And I must say, I have to tell you, that almost every Senator, at some time or other, has gotten such a notice from the Chairman of the Ethics Committee. I should also tell you this, my friend, I wish that I had known Mr. Chinn when I got married. When I got married for the second time, I told my wife she had to sell all those stocks she had when we got married. If I had known Mr. Chinn, why maybe she would still have some of that money instead of listening to my advice.

So, I think you were right to seek out such kind of advice and I am sad that the mechanisms we created to protect people in government who make disclosures that no one else makes—these people in the news media, they do not make them. People out there do not make them. We make them in order to protect the public interest and we pay this guy some money to see that the law is carried out. And I still say that you have been abused by the process, Mr. Attorney General. I think that guy over there ought to do his job and the sooner he does it, the better off we will all be. I hope to get him back here next week or sometime, because I, too, have been practicing law for 30 plus years, about 37 now, and I think maybe he and I will have a little discussion about that law and his duties under that law. We are talking about what your duties were. You, of course, were making a disclosure. He was the one who had the duty to see whether the disclosure was right and if it was not right, to tell you how to make it right. He did not do that. I think he should be back here and let me have a chance at him. Thank you.

Senator LEVIN. Mr. Meese, I think both of you had duties. Both of you did not live up to the duties. The Ethics Office had an obligation. They described it this morning. They indicated where they fell short and it seems to me that you have fallen short, too. You have got an obligation, under the law, to get that arrangement qualified. You failed to do it. The Office of Government Ethics has

got an obligation. Their failure is no justification for your failure. Now, maybe you were never notified that this arrangement here was not exempt from the law. Maybe nobody ever told you that.

The law told you that. I mean, that is what we are all into around here, it seems to me. The law told you that. Even if the Office of Government Ethics did not, even if they fell down, the law told you that unless it was provided in here, in this law, otherwise, with a qualified blind trust, unless this was qualified by the Office of Government Ethics, you had to report the information, which you did not about the transactions and the holdings of that partnership that you had with Chinn. So you can blame the Office of Government Ethics, and they have accepted some of it, they have accepted some accountability on this thing, but where I think you fall down, is not accepting the responsibility yourself.

Not simply coming in here and say, listen, I blew it. Everyone would accept that. You could come in here and say I blew it. But you should have read the law which says that you have got to get this thing approved by the OGE. Well, nobody told you, you say, that you had to get it approved. Nobody told you. I am telling you who told you. It is clear, it is as clear as can be that this law requires you to get this partnership or entity approved. Qualified, before you can not disclose the transactions of that partnership. That is what the law says. Now, if you want to go back and read it, you can. But I do not think it can be any clearer than that.

Attorney General MEESE. Senator, it was not clear to me. On the basis of the entire statute, not just one provision, I did everything in good faith that I felt was necessary and required. It was not clear to the people in the Department of Justice, who are experts in this matter. They told me what was required and they agreed with my evaluation of it. I put in all the information to make full disclosure of my holdings in this limited blind partnership and with Financial Management International. I put in the full amount of information that was required. To go into and inquire into the holdings, as Senator Roth and Senator Stevens pointed out, would have been totally counter-productive to the idea of investments in which I had no knowledge.

In my opinion and the opinion of the lawyers in the Department of Justice, it was legal and proper and I was acting in good faith. I have heard nothing to the contrary to this date, directed at me individually, from the Office of Government Ethics. Now, if you think your opinion is correct——

Senator LEVIN. No, I say the law is clear.

Attorney General MEESE. If you think that your opinion is correct, I will be happy to accept that from the Office of Government Ethics and if so, I will disclose anything that they say I am required to disclose.

Senator LEVIN. Well, that is welcome. The Office of Government Ethics has indeed said, the law is clear. Now, maybe you have to hear that directly from them, you are the chief lawyer. Maybe you have got to hear the words from some administrator of some office in this government, that the law is clear, but you are the chief law enforcement officer. Now, the law is clear. It is right there. It says except as provided, you must and you did not. Now, you can say, but they never told me I did not.

Attorney General MEESE. No. I am saying that it is not clear.

Senator LEVIN. We told you. We wrote the law. We told you, right there. Now, let me tell you the problem they raised this morning, also, with your disclosure. Not to defend them a bit, although they do carry some responsibility, obviously, in the enforcement of this law. What they say is that your disclosure form was misleading, relative to your interests, because you did not say anything about Meese Partners. You said that your interest was in the Financial Management International, Inc. and you do not have any interest, I gather, you do not have any interest in Financial Management International, Inc., isn't that true? You are not a part owner of that, are you?

Attorney General MEESE. Senator, the form says assets and income sources. The whole purpose of this is to disclose any possible conflict of interest. If I just put down Meese Partners, that would not tell anything about the real entity that was doing the investment. And that is the reason that I put Financial Management International, Inc. and I also put down limited blind partnership. Now, the fact that my name was Meese is listed on the top of the form. To put down Meese Partnership would not have told them nearly as much as what I actually put down.

Senator LEVIN. Well, that is your opinion.

Attorney General MEESE. Yes, sir.

Senator LEVIN. But the question is on the form. It asked for the source of your income. Is it not true that the source of your income was from Meese Partners?

Attorney General MEESE. The actual source of my income was from the Financial Management International, Inc. That is the name on the checks.

Senator LEVIN. I see. So the income did not come from Meese Partners?

Attorney General MEESE. Meese Partners is the vehicle through which it came but it actually came from Financial Management International, Inc., at least, as I say, that is the name on the checks.

Senator LEVIN. Did you own any part of that corporation?

Attorney General MEESE. No. They were the investment agent that was handling the transactions for me.

Senator LEVIN. They were the general partner and you were the limited partner?

Attorney General MEESE. Just like the Bank of America, in which I do not own anything but I get checks from them when I ask for particular results of proceedings or transactions that they may have handled for me in the past.

Senator LEVIN. They were the general partner and you were the limited partner?

Attorney General MEESE. That is correct.

Senator LEVIN. Now, as the limited partner, as I understand it, your exposure was limited to the amount of your investment, is that correct?

Attorney General MEESE. I believe that is correct, yes.

Senator LEVIN. All right. Can you, again, give us the approximate amount of money that you invested with them at the time

that you signed this partnership agreement, including the value of the stocks? Give us just an estimate.

Attorney General MEESE. I would say it was between $50,000 and $60,000.

Senator LEVIN. So that on May 23, 1985, when you signed the partnership agreement, they were the general partner, they had $60,000 of your money, roughly $50,000 to $60,000, and you were the limited partner. Is it correct, under this partnership and generally, that your exposure was limited to that $50,000 to $60,000, or whatever it is that you put into the partnership?

Attorney General MEESE. I would have to look at the partnership agreement, but I believe that is correct.

Senator LEVIN. Paragraph seven, on page six.

Attorney General MEESE. Paragraph seven on page six?

Senator LEVIN. Yes. Is it true that the limited partner, that being you and your wife, were saved and held harmless by the general partner, from any and all liability arising out of the affairs of the partnership beyond his agreed contribution to the partnership?

Attorney General MEESE. Yes, sir.

Senator LEVIN. So is it not true then, that your exposure would be limited to the $50,000 or $60,000, whatever it was that you invested?

Attorney General MEESE. Yes, sir.

Senator LEVIN. Now, the forms which you disclosed on Monday—I believe it was Monday of this week—the disclosures showed that he bought for you on margin. And you are saying that you have not looked at that material?

Attorney General MEESE. I am not familiar with the detail of the transaction.

Senator LEVIN. All right. Assume with me for a moment that he bought stock on margin for you, which is what your material reflects. Would it not be true, for instance, that if he invested say, $150,000 in a stock, although you had only invested say, $50,000 in the whole partnership, that your exposure was limited to $50,000? And if that stock, for any reason, became, let's say, worthless, theoretically, his exposure—was it $100,000? Is that true, under the terms of that agreement?

Attorney General MEESE. I know that my exposure would be limited to $50,000. What his exposure might be, would depend on the circumstances.

Senator LEVIN. But assuming he bought stock on margin, which he did, and you say you want to go back and read the partnership agreement to see whether that was authorized or not, but assuming he bought it on margin, and I am telling you he did, because your documents show that he did, anything which was lost above the $50,000 or $60,000, would be his risk. Is that not true, under the partnership agreement?

Attorney General MEESE. I would assume that it would.

Senator LEVIN. So that he was taking some risk for you when he bought on margin?

Attorney General MEESE. He was taking some risk for the partnership, yes.

Senator LEVIN. But you were the only one with any money in that partnership, weren't you?

Attorney General MEESE. That is correct.

Senator LEVIN. He was taking some risk for you at that time. Now, just one question about your disclosure. You have indicated there were some other inadvertencies, I believe, in your disclosure forms. Let me go through a few of them with you. Sterling Drug and Safeway you have already commented on. As I understand it, they were indicated in your recusal form and in your 1985 disclosure as having been sold and that was inaccurate, is that correct?

Attorney General MEESE. No. There were some Sterling Drug and Safeway sold.

Senator LEVIN. There was some that was not sold?

Attorney General MEESE. There was some that was not sold, too.

Senator LEVIN. So you retained an interest—a stock interest in those two?

Attorney General MEESE. That is correct.

Senator LEVIN. And you did not disclose that interest in your 1985 disclosure?

Attorney General MEESE. Yes, I did.

Senator LEVIN. Oh, you did?

Attorney General MEESE. Yes, sir.

Senator LEVIN. You are saying that you showed having an interest in Sterling Drug and Safeway remaining in 1985?

Attorney General MEESE. I have to look at the form here.

Senator LEVIN. Where it says assets.

Attorney General MEESE. It says valuation of assets on my form, let me—I would have to look at the other form, which I do not have.

Senator LEVIN. Would you do that for the record for us?

Attorney General MEESE. In the 1985 form here——

Senator LEVIN. Yes, in Sterling Drug and Safeway, it shows them as having been sold and I am wondering whether it shows that you retained an interest in Sterling Drug and Safeway. Is there any way of knowing from that?

Attorney General MEESE. It shows some sold; it does not say whether it is the whole amount or some of it, but it shows that some of it has been sold, yes.

Senator LEVIN. All right. And your recusal form shows that you were going to sell it all, did it not?

Attorney General MEESE. Yes, sir.

Senator LEVIN. All right.

Attorney General MEESE. I have already explained that.

Senator LEVIN. So that all of the stock was not sold and it is not clear from the 1985 form that you retained an interest in those two firms, is that true?

Attorney General MEESE. The form was totally filled out. There is nothing on here that would lead me to believe that it was, in any way, not filled out properly.

Senator LEVIN. All right. On Santa Fe and Los Angeles Housing Authority, there, as I understand it, the recusal form indicated that they were sold and they have not been sold.

Attorney General MEESE. The Appendix B, yes.

Senator LEVIN. Appendix B, which is attached to, stapled to your recusal form——

Attorney General MEESE. The recusal memorandum.

Senator LEVIN. The recusal memorandum showed that that had been sold and, in fact, it was not sold. Is that a fair statement?

Attorney General MEESE. That is correct.

Senator LEVIN. That was an error?

Attorney General MEESE. That is correct.

Senator LEVIN. Now, when were you aware that most of your money with the Chinn Partnership, most of the time, was placed in interest bearing accounts at Bear, Stearns, and Imperial Trust Company? Is that something that you just learned about now?

Attorney General MEESE. I just learned about that when I saw the underlying transactions within the last couple of weeks or so.

Senator LEVIN. Okay. So that until a few weeks ago, you never were informed of any transactions in this partnership?

Attorney General MEESE. That is correct.

Senator LEVIN. My time is up. Senator Stevens.

Senator STEVENS. Mr. Meese, the Chairman asked you about the liability under this Agreement. It is my understanding that the liability included not only the contributions, but the added capital or the income account of a limited partner and they would be deemed contributions, so if this general partner is selling things on the margin and he has made profits a year before, and the investment goes sour, so do your profits from the year before, as I understand it. Is that right?

Attorney General MEESE. That is correct.

Senator STEVENS. So whatever you had in there was at risk?

Attorney General MEESE. The entire amount, yes, sir.

Senator STEVENS. Not just your original contribution?

Attorney General MEESE. Right.

Senator STEVENS. That is my reading of it. The second thing is this disclosure statement, as I understand it, lists assets and income sources. It does not say that you have to say how much you have retained of the assets and how much you have sold. It is not that specific.

Attorney General MEESE. That is correct.

Senator STEVENS. It says that you list the Block B as assets and the Block C as income, so if you have some income from Block B because you sold part of Block B, it does not say how much you have left of Block B after that transaction?

Attorney General MEESE. That is correct.

Senator STEVENS. So, as I understand it, there is no misinformation in that account. Has anyone notified you that there has been any misinformation in these accounts?

Attorney General MEESE. No, sir. None at all.

Senator STEVENS. No further questions.

Senator LEVIN. Mr. Meese, on the Keystone Custodian Funds issue—in your recusal agreement of May 24, 1985, you listed Keystone Custodian Funds as an asset. On your disclosure form for 1985, you showed that you sold it. On your 1986 disclosure form, you show that you still have it. Could you tell us the story about it?

Attorney General MEESE. Yes, Senator. There are several certificates of Keystone Custodian Funds. They are actually different funds. And one of the things that we found is that we did sell all that we had the certificates available for. We also found that there were some, for which there were no certificates that still represent-

ed an investment, and from which that we still receive some dividends. That is why it was disclosed on the 1986 form.

Senator LEVIN. So that when you showed the sale in 1985 of Keystone, you apparently did not sell all of it?

Attorney General MEESE. We did not sell all of it, right.

Senator LEVIN. You retained some of it?

Attorney General MEESE. We retained some of it.

Senator LEVIN. And on that recusal document of May 24, then, when you say that you listed Keystone—no, no. You have answered that question. Now, on your 1986 form, you indicate that a number of items have been left off, inadvertently, prior disclosure forms, including two IRAs with the Interstate Bank and an investment with Affiliated Funds, is that correct?

Attorney General MEESE. That is correct.

Senator LEVIN. And on what disclosure form should they have been reported?

Attorney General MEESE. I believe they should have been reported on the 1985 form and possibly earlier forms. That is one of the things we are checking to amend those forms now.

Senator LEVIN. All right. But at least on the 1985 form, those should have been there and they were not.

Attorney General MEESE. Yes, sir.

Senator LEVIN. All right. On the so-called Baby Bell stocks, I think you mentioned, your 1985 form shows that they were sold. Your 1986 form did not show them as an asset, at all. As I understand it, you have tried to get replacement certificates. Those were also lost, or mislaid, or whatever and you have tried to get replacement certificates for those two.

Attorney General MEESE. Yes, sir.

Senator LEVIN. Did you write a letter to the companies asking them for that?

Attorney General MEESE. Yes, sir, I have.

Senator LEVIN. And would you submit those to the Committee?

Attorney General MEESE. Yes, sir.[1]

Senator LEVIN. Okay. Mr. Meese, it seems to me that you have got a problem again with an appearance issue, at a minimum. Only you know if there is anything beyond that. Others can judge that. But we do have disclosure requirements. Before I sum up on that one, let me ask you one other question. You recused yourself of all matters involving Wedtech, I believe, in April of this year. Is that correct?

Attorney General MEESE. Yes, sir. In the Wedtech investigation, yes.

Senator LEVIN. Yes. And why didn't you recuse yourself prior to April of this year?

Attorney General MEESE. Because there was no reason to do so.

Senator LEVIN. Well, except that your general partner, you knew, had a connection with Wedtech.

Attorney General MEESE. The connection was not one in which I had any relationship with Wedtech personally or any relationship, interest, or financial activity with that corporation. Up until that

[1] The information was not provided to the Subcommittee at the time of printing

time, there was no indication that Financial Management International or Mr. Chinn was in any way involved as a subject of that investigation.

Senator LEVIN. As I understand it, Wedtech has been under investigation by the Department of Justice for a year or longer.

Attorney General MEESE. Specific individuals have been, yes.

Senator LEVIN. Yes. At Wedtech.

Attorney General MEESE. Well, specific individuals. I do not believe that the corporation, per se, was a subject in the investigation but individuals in the corporation were.

Senator LEVIN. All right. The owners or the major officers of the corporation were under investigation.

Attorney General MEESE. The major officers, yes.

Senator LEVIN. It was pretty public, at least for the last year or so?

Attorney General MEESE. Right.

Senator LEVIN. And the Department of Justice, then, had those individuals at Wedtech under investigation for at least a year or so?

Attorney General MEESE. Yes, sir. Right.

Senator LEVIN. At least you knew this much for the last few years that your general partner in that partnership, had some connection with Wedtech. You did not pursue it further than that. You did not know that he was a director, but you knew that he had a connection with Wedtech the last couple of years and you knew your Department was investigating the officers of Wedtech, at least for the last year. But you did not recuse yourself until April of this year from any matters involving Wedtech. Why did you wait so long?

Attorney General MEESE. I did not wait long. As soon as I had any knowledge that anyone with whom I was acquainted was involved as a possible subject in the investigation, I recused myself.

Senator LEVIN. So you do not believe it creates an appearance problem even when your general partner, someone with whom you have a partnership interest—and you are the only limited partner—takes risks for you and invests your money on margin, and you knew, he had a connection with Wedtech, and you knew that Wedtech officials were under investigation by your Department? The question then comes to—do you not think that appearances required you to recuse yourself prior to April, as soon as those officers of Wedtech became the subject of investigation?

Attorney General MEESE. It would not create an appearance problem to any fair-minded person, no, sir.

Senator LEVIN. All right. Just as long as we understand, you never asked Chinn anything further about his connection with Wedtech? You had six to a dozen calls with Chinn and you knew the Wedtech officers were under investigation and you knew he was connected to Wedtech, but never during those six to a dozen calls did you ask, hey, do you still have a connection to Wedtech? That never came up?

Attorney General MEESE. I do not believe I ever talked to Mr. Chinn, in those conversations, except maybe on a couple of social occasions early on, about anything relating to Wedtech or his connection with it.

Senator LEVIN. Or his connection? Even though you knew there was something there?

Attorney General MEESE. I knew he had been asked to help Wedtech. That is what I knew.

Senator LEVIN. All right.

Attorney General MEESE. About a year and a half or 2 years earlier, yes.

Senator LEVIN. And never pursued it further?

Attorney General MEESE. No, sir.

Senator LEVIN. Despite your Department's investigation of the officers of that company?

Attorney General MEESE. There was no relationship between the two.

Senator LEVIN. That you knew of, but you did not inquire.

Attorney General MEESE. Well, as soon as I learned who the subjects of the investigation were and as soon as I learned that persons with whom I am or was acquainted, were possible subjects of the investigation, I immediately recused myself. I followed the policy that is uniform within our Department.

Senator LEVIN. And did you have any discussions, by the way, with Justice officials about Wedtech prior to April 8?

Attorney General MEESE. I do not know whether I did or not because it was not really being handled in the main Justice Department. It was really being handled by people in the Southern District of New York and the U.S. Attorney's Office.

Senator LEVIN. So as far as you remember, you did not have any discussions with Justice officials about Wedtech, prior to April 8, when you recused yourself?

Attorney General MEESE. Not that I can recall. It is possible that I may have but I certainly did not have any part in the investigation, per se.

Senator LEVIN. The point I was beginning to make before relative to the appearances is that the disclosure laws are clear in a number of regards. And the non-compliance, both by you and by the OGE, I believe, are there. But others are going to judge that. Everybody can make their own judgment on how clear that law is relative to the requirement that you get your financial transactions approved by the OGE if you are not going to disclose the holdings of that entity. I think that is clear. You apparently do not, but, so be it.

One of your explanations is nobody ever told you. It seems to me that that is coming awfully close to saying ignorance of the law is an excuse because, again, I read that section and OGE reads that section as being very clear. Mr. Martin, this morning, said there is no doubt that you had to get that qualified in order not to disclose its holding. There is no doubt about it. Should he have told you? I think he should have if they caught it, which he says they would have if it had been Meese Partners instead of the way it was listed. But should you have listed the holdings? It seems to me absolutely clear that you should have listed those holdings and I do not think it should have taken OGE to tell you what the law tells you.

But I want to concentrate on the appearance problem because, frankly, that is where I started with my opening statement and that is where I want to end, although I know that you will have a

comment. Senator Stevens and others may also. I am troubled by the appearances issue and by the standards that are set because we have a situation here where somebody who you are closely connected to, Mr. Wallach, urges you, orally and in at least a dozen memos, most of which went to your house, to intervene on behalf of the company. You intervened on behalf of the company. Your characterization is that you wanted them just to get a fair hearing. You intervened on behalf of the company.

There was a White House meeting about the Army contract, which your deputy chaired. That is where we are at. Your deputy chairs the meeting involving Wedtech. Then, the contract is awarded to Wedtech, and I am talking about appearances here because I think appearances are important. The contract is awarded to Wedtech. At some point later, you are introduced to Mr. Chinn, who is an investment counselor by your friend and lawyer, at one point, Mr. Wallach. You are told of some connection that Mr. Chinn had with Wedtech at that time.

You invest, as I understand from your disclosure, the biggest asset you have got, perhaps outside of your home, in terms of financial assets, by selling all your stock, basically, and putting the amount with that same Mr. Chinn in a limited partnership. There is a limit on your liability. There is none on him, although he has got no money in there. He has got to hold you harmless from anything beyond your investment.

The next thing that happens is that you file your recusal form, and you leave off from that recusal form, inadvertently, the partnership interest, even though—and we are talking here, again, about a critical appearance question—even though the day before you signed your recusal form you had entered into the partnership; it still was not listed on the appendix that was stapled to the recusal document and, indeed, referred to in the recusal document.

And so you have got all that, it seems to me, and it creates, I believe, an appearance issue when you, for instance, did not disclose the holdings of that partnership on those two disclosure forms, whether it was inadvertent or unclear, as you put it. It creates the appearance question relative to the recusal.

And that is why I asked you, at the end, why, as the Attorney General of the United States—given your intervention on behalf of Wedtech, and your partnership with Mr. Chinn, who you knew was in some way connected with Wedtech—you did not disqualify yourself from Wedtech issues as soon as your agency began investigating the officers of Wedtech, which was last year, instead of this year?

Now that is my own feeling about appearance. That is my own judgment. You come to a different judgment about appearances, obviously, or else you would have disqualified yourself earlier.

But I have got to tell you, at least, that it is my judgment that when your agency is investigating the top officers of a company, and when you have a general partner who you know is affiliated with that company, that you at least ask him, in one of those six to twelve phone calls—hey, do you have a connection with this company that my agency's investigating? I think that is required of you to avoid any appearance of impropriety because under the Executive Order, appearances are important as well as the reality.

The reality has to be judged by others. The facts are judged by what is on your disclosure forms. The facts are judged by what people see in omissions or errors; they reach their own conclusion. The appearance issue is important and that is why the ethics laws, the disclosure requirements, and the recusal requirements were created. It is mainly to assure the public that our highest officials disqualify themselves when they should, do not invest in matters unless their investments are disclosed. It is not enough to come back later and say, "Well, look, I did not invest in Wedtech." That is not enough, not under the appearance standard.

That is my own point. It is not a question. You are free to respond. I know Senator Stevens may want to respond, but that is my own judgment on the appearances that exist here, and my deep feelings about them.

Senator STEVENS. Well, Mr. Chairman, let me state the other side of the coin. I do not think the Attorney General has to respond to that.

Financial Management International is listed in Dunn and Bradstreet. Mr. Chinn is an official of that corporation. Mr. Meese's partner was Financial Management, Incorporated, not Mr. Chinn. If we are going to be precise here and ask for compliance with the law, the Financial Management International is not a Wedtech figure. The problem about appearances was caused by the Office of Government Ethics, when in responding to a Congressman about a report filed by a Government official, they failed to contact the Government official.

They put it out all over the press, concerning the filing, without going through the procedure that is set forth in the statute to protect the official that is required to make a disclosure of his personal assets, which other people do not have to make. Now, boy, I tell you, this comes as close to being back with Joe McCarthy as I have seen, and my friend here is going pretty far to accuse you of being a partner with a Wedtech official.

You are not a partner of a Wedtech official, that I know of. You are a partner with Financial Management International, a Dunn and Bradstreet corporation, and you have been badly served, badly served, incidentally, by your own Office of Government Ethics. Unfortunately, they did not ask the questions that should have been asked about the limited partnership.

But if we did this to every Senator that files a disclosure statement, if we ran to the newspapers with the disclosures before we went back and said, will you please give us the information that is required by our interpretation of the rule, by God, you could not print any national news in the Washington Post, because we all do it. Even when I was Chairman, they came to me and said my disclosure statement did not comply with the regulations, and the fellow that did it I think is sitting right back here. He now works with me, as I thought he was very, very acute, and accurate, and liked his style. He is a very precise individual.

I think that the disclosures that have been made should have been made differently, but you had officers to tell you that. Two of them. The Department of Justice and the Office of Government Ethics. And contrary to my good friend—and he is my good friend, although I seriously disagree with him on this—the law is not

clear, the law certainly is not clear concerning the disclosure of investments such as this which are done for the purpose of creating a blind investment without being a qualified trust.

Now I think that we ought to take into account that there are other ways to have investments that do not require the sub-investment reporting, and that is what we are talking about. We are not being precise here, unless we talk about sub-investments. The sub-investment is the investment made by Financial Management International. You have no income from those sub-investments until they become income to you, and you have reported your income from Financial Management International, as is required by the law, on the form that you filed.

I find nothing in there to indicate you did not file a disclosure of the information and the investment. The means you pursued to avoid having to disclose the sub-investments is subject to question by the Office of Government Ethics, if they choose to do that. They have not done it yet, and there is nothing in this qualified trust section that the Chairman is reading, that is clear on its face, that covers this type of blind partnership investment, which I must ask you, although I am sure the press will ask me and I cannot tell them which ones—but there are Members of the Senate that have similar investments. I know that from having been Chairman.

Now if they qualify it for us, I do not know why they cannot qualify it for you, and if they do not, he has the duty of coming forth and telling you what procedures you must follow to come into compliance, and the statute is very specific.

And I hope everyone who looks into this will look at that statute and realize that the Congress wanted to put the burden on the Office of Government Ethics to come forward. "He shall notify the individual of that opinion, and after an opportunity for personal consultation, determine and notify the individual of which steps, if any, would, in his opinion, be appropriate for ensuring compliance with such laws and regulations, and the date by which such steps have been taken."

Now I do not believe that there is anything more clear than that in this statute, and he has not done it, and until he does it, I do not think you have a burden. You have filed. You have complied with the law as far as your own Department people are concerned, and until the Office of Government Ethics gives you notice, in writing, and a time for which you must come into compliance, I think you are in compliance. And I think anything to the contrary in this hearing, in my opinion, based upon now almost, you know, 37, 38 years of practicing law, is wrong. I do not have any questions. I do not think there are any more questions necessary, in my opinion.

Senator LEVIN. Well, first, I obviously could not disagree with you more, Senator Stevens, on a number of the things that you said, but let me just make a couple quick points. One, Mr. Chinn has been a director of Wedtech, as I understand it, since 1985.

Senator STEVENS. Mr. Chinn is not his general partner.

Senator LEVIN. He is the owner of that company.

Senator STEVENS. It is a corporation that is on that form.

Senator LEVIN. And according to the brief that has been filed by Mr. Meese's lawyer, Financial Management International is owned by Mr. Chinn.

Senator STEVENS. So he is still a partner of Financial Management, Incorporated. Mr. Chinn may have several corporations, for all I know.

Senator LEVIN. All right. You can use all the legal hairsplitting you want but I think in anybody's common understanding, when it comes to appearances, you were dealing with Mr. Chinn. He was Financial Management International, Incorporated. You can try to, if you want, hide behind what I consider to be a technicality, purely, but that is up to you. Others will judge that. Chinn was Financial Management International, Incorporated. They are one and the same.

He is the one you talked to. There was no one else there except for him. And he is the person with whom you signed this agreement. His connection with Wedtech is a connection which was, if not known to you, specifically, I think, was known to you enough to require you, as the head of the agency investigating the Wedtech officials, to inquire as to exactly what that connection was.

One last question and we will terminate. As the chief law enforcement officer of this country, are you advising those who are obligated to comply with the Ethics Act, that they do not have to comply unless or until the Office of Government Ethics finds fault with their filing?

Attorney General MEESE. No.

Senator LEVIN. Thank you very much.

[Whereupon, at 4:05 p.m., the Subcommittee was recessed, subject to the call of the Chair.]

APPENDIX

ETHICS IN GOVERNMENT ACT OF 1978 AS AMENDED BY PUBLIC LAWS 96-19, 96-28, 97-409, AND 98-150

TITLE II—EXECUTIVE PERSONNEL FINANCIAL DISCLOSURE REQUIREMENTS

PERSONS REQUIRED TO FILE

SEC. 201. (a) Within thirty days of assuming the position of an officer or employee described in subsection (f), an individual shall file a report containing the information described in section 202(b) unless the individual has left another position described in subsection (f) within thirty days prior to assuming such new position or has already filed a report under this title with respect to nomination for the new position or as a candidate for the position.

(b)(1) Within five days of the transmittal by the President to the Senate of the nomination of an individual (other than an individual covered by section 301(b) or an individual nominated for appointment to a grade or rank in the uniformed services for which the pay grade prescribed by section 201 of title 37, United States Code, is O–6 or below) to a position, appointment to which requires the advice and consent of the Senate, such individual shall file a report containing the information described in section 202(b). Such individual shall, not later than the date of the first hearing to consider the nomination of such individual, make current the report filed pursuant to this paragraph by filing the information required by section 202(a)(1)(A) with respect to income and honoraria received as of the date which occurs five days before the date of such hearing. Nothing in this Act shall prevent any Congressional committee from requesting, as a condition of confirmation, any additional financial information from any Presidential nominee whose nomination has been referred to that committee.

(2) An individual whom the President or the President-elect has publicly announced he intends to nominate to a position may file the report required by paragraph (1) at any time after that public announcement but not later than is required under the first sentence of such paragraph.

(c) Within thirty days of becoming a candidate in a calendar year for nomination or election to the office of President or Vice President, as determined by the Federal Election Commission, or on or before May 15 of that calendar year, whichever is later, and on or before May 15 of each successive year an individual continues to be a candidate, an individual other than an incumbent President or Vice President shall file a report containing the information described in section 202(b). Notwithstanding the preceding sentence, in any calendar year in which an individual continues to be a candidate for any office but all elections for such office relating to such candidacy were held in prior calendar years, such individual need not file a report unless he becomes a candidate for another vacancy in that office or another office during that year.

(d) Any individual who is an officer or employee described in subsection (f) during any calendar year and performs the duties of his position or office for a period in excess of sixty days in that calendar year shall file on or before May 15 of the succeeding year a report containing the information described in section 202(a).

(e) Any individual who occupies a position described in subsection (f) shall, on or before the thirtieth day after termination of employment in such position, file a report containing the information described in section 202(a) covering the preceding calendar year if the report required by subsection (d) has not been filed and covering the portion of the calendar year in which such termination occurs up to the date the individual left such office or position, unless such individual has accepted employment in another position described in subsection (f).

(f) The officers and employees referred to in subsections (a), (d), and (e) are—

(1) the President;

(2) the Vice President;

(3) each officer or employee in the executive branch, including a special Government employee as defined in section 202 of title 18, United States Code, whose position is classified at GS–16 or above of the General Schedule prescribed by section 5332 of title 5, United States Code, or the rate of basic pay for which is fixed (other than under the General Schedule) at a rate equal to or greater than the minimum rate of basic pay fixed for GS–16; each member of a uniformed service whose pay grade is at or in excess of O–7 under section 201 of title 37, United States Code; and each officer or employee in any other position determined by the Director of the Office of Government Ethics to be of equal classification;

(4) each employee appointed pursuant to section 3105 of title 5, United States Code;

(5) any employee not described in paragraph (3) who is in a position in the executive branch which is excepted from the competitive service by reason of being of a confidential or policymak-

ing character, except that the Director of the Office of Government Ethics may, by regulation, exclude from the application of this paragraph any individual, or group of individuals, who are in such positions, but only in cases in which the Director determines such exclusion would not affect adversely the integrity of the Government or the public's confidence in the integrity of the Government;

(6) the Postmaster General, the Deputy Postmaster General, each Governor of the Board of Governors of the United States Postal Service and each officer or employee of the United States Postal Service or Postal Rate Commission whose basic rate of pay is equal to or greater than the minimum rate of basic pay fixed for GS–16; and

(7) the Director of the Office of Government Ethics and each designated agency official.

(g) Reasonable extensions of time for filing any report may be granted under procedures prescribed by the Director of the Office of Government Ethics, but the total of such extensions shall not exceed ninety days.

(h) The provisions of subsections (a), (b), and (e) shall not apply to an individual who, as determined by the designated agency official or Secretary concerned (or in the case of a Presidential appointee under subsection (b), the Director of the Office of Government Ethics), is not reasonably expected to perform the duties of his office or position for more than sixty days in a calendar year, except that if such individual performs the duties of his office or position for more than sixty days in a calendar year—

(1) the report required by subsections (a) and (b) shall be filed within fifteen days of the sixtieth day, and

(2) the report required by subsection (e) shall be filed as provided in such subsection.

(i) The Director of the Office of Government Ethics may grant a publicly available request for a waiver of any reporting requirement under this section for an individual who is expected to perform or has performed the duties of his office or position less than one hundred and thirty days in a calendar year, but only if the Director determines that—

(1) such individual is not a full-time employee of the Government,

(2) such individual is able to provide services specially needed by the Government,

(3) it is unlikely that the individual's outside employment or financial interests will create a conflict of interest, and

(4) public financial disclosure by such individual is not necessary in the circumstances.

(j)(1) Any individual who performs staff functions in support of an advisory committee which is composed, in whole or in part, of special Government employees shall be subject to the provisions of this title as if that individual were such a special Government employee.

(2) For purposes of paragraph (1)—

(A) the term "advisory committee" means any committee, board, commission, council, conference, panel, task force, or other similar group which is established—

(i) by statute or reorganization plan,
(ii) by the President, or
(iii) by one or more agencies.

in the interest of obtaining advice or recommendations for the President or one or more agencies or officers of the Federal Government; such term includes any subcommittee or other subgroup of an advisory committee but does not include the Advisory Commission on Intergovernmental Relations and the Commission on Government Procurement;

(B) the term "staff functions in support of an advisory committee" means such activities as the Director of the Office of Government Ethics by regulation prescribes which are carried out with respect to those functions for which the advisory committee was established as described in subparagraph (A) of this paragraph;

(C) the term "special Government employee" has the meaning given that term by section 202 of title 18, United States Code; and

(D) the term "agency" has the meaning given that term by section 551(1) of title 5, United States Code.

(3) The Director of the Office of Government Ethics shall prescribe such regulations as may be necessary to carry out this subsection.

CONTENTS OF REPORTS

SEC. 202. (a) Each report filed pursuant to section 201(d) shall include a full and complete statement with respect to the following:

(1)(A) The source, type, and amount or value of income (other than income referred to in subparagraph (B)) from any source (other than from current employment by the United States Government), and the source, date, and amount of honoraria from any source, received during the preceding calendar year, aggregating $100 or more in value.

(B) The source and type of income which consists of dividends, rents, interest, and capital gains, received during the preceding calendar year which exceeds $100 in amount or value, and an indication of which the following categories the amount or value of such item of income is within:

(i) not more than $1,000;
(ii) greater than $1,000 but not more than $2,500;
(iii) greater than $2,500 but not more than $5,000;
(iv) greater than $5,000 but not more than $15,000;
(v) greater than $15,000 but not more than $50,000;
(vi) greater than $50,000 but not more than $100,000; or
(vii) greater than $100,000.

(2)(A) The identity of the source and a brief description of any gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any food, lodging, or entertainment received as personal hospitality of any individual need not be reported, and any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph.

(B) The identity of the source, a brief description, and the value of all gifts other than transportation, lodging, food, or entertainment aggregating $100 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph.

(C) The identity of the source and a brief description of reimbursements received from any source aggregating $250 or more in value and received during the preceding calendar year.

(D) In an unusual case, a gift need not be aggregated under subparagraph (A) or (B) if a publicly available request for a waiver is granted.

(3) The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which has a fair market value which exceeds $1,000 as of the close of the preceding calendar year, excluding any personal liability owed to the reporting individual by a relative or any deposits aggregating $5,000 or less in a personal savings account. For purposes of this paragraph, a personal savings account shall include any certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

(4) The identity and category of value of the total liabilities owed to any creditor other than a relative which exceed $10,000 at any time during the preceding calendar year, excluding—

(A) any mortgage secured by real property which is a personal residence of the reporting individual or his spouse; and

(B) any loan secured by a personal motor vehicle, household furniture, or appliances, which loan does not exceed the purchase price of the item which secures it.

With respect to revolving charge accounts, only those with an outstanding liability which exceeds $10,000 as of the close of the preceding calendar year need be reported under this paragraph.

(5) Except as provided in this paragraph, a brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeds $1,000—

(A) in real property, other than property used solely as a personal residence of the reporting individual or his spouse; or

(B) in stocks, bonds, commodities futures, and other forms of securities.

Reporting is not required under this paragraph of any transaction solely by and between the reporting individual, his spouse, or dependent children.

(6)(A) The identity of all positions held on or before the date of filing during the current calendar year (and, for the first report filed by an individual, during the two-year period preceding such calendar year) as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any non-

profit organization, any labor organization, or any educational or other institution other than the United States. This subparagraph shall not require the reporting of positions held in any religious, social, fraternal, or political entity and positions solely of an honorary nature.

(B) If any person, other than the United States Government, paid a nonelected reporting individual compensation in excess of $5,000 in any of the two calendar years prior to the calendar year during which the individual files his first report under this title, the individual shall include in the report—

(i) the identity of each source of such compensation; and

(ii) a brief description of the nature of the duties performed or services rendered by the reporting individual for each such source.

The preceding sentence shall not require any individual to include in such report any information which is considered confidential as a result of a privileged relationship, established by law, between such individual and any person nor shall it require an individual to report any information with respect to any person for whom services were provided by any firm or association of which such individual was a member, partner, or employee unless such individual was directly involved in the provision of such services.

(7) A description of the date, parties to, and terms of any agreement or arrangement with respect to (A) future employment; (B) a leave of absence during the period of the reporting individual's Government service; (C) continuation of payments by a former employer other than the United States Government; and (D) continuing participation in an employee welfare or benefit plan maintained by a former employer.

(b) Each report filed pursuant to subsections (a), (b), and (c) of section 201 shall include a full and complete statement with respect to the information required by—

(1) paragraph (1) of subsection (a) for the year of filing and the preceding calendar year,

(2) paragraphs (3) and (4) of subsection (a) as of the date specified in the report but which is less than thirty-one days before the filing date, and

(3) paragraphs (6) and (7) of subsection (a) as of the filing date but for periods described in such paragraphs.

(c) In the case of any individual described in section 201(e), any reference to the preceding calendar year shall be considered also to include that part of the calendar year of filing up to the date of the termination of employment.

(d)(1) The categories for reporting the amount of value of the items covered in paragraphs (3), (4), and (5) of subsection (a) are as follows:

(A) not more than $5,000;

(B) greater than $5,000 but not more than $15,000;

(C) greater than $15,000 but not more than $50,000;

(D) greater than $50,000 but not more than $100,000;

(E) greater than $100,000 but not more than $250,000; and

(F) greater than $250,000.

(2) For the purposes of paragraph (3) of subsection (a) if the current value of an interest in real property (or an interest in a real estate partnership) is not ascertainable without an appraisal, an individual may list (A) the date of purchase and the purchase price of the interest in the real property, or (B) the assessed value of the real property for tax purposes, adjusted to reflect the market value of the property used for the assessment if the assessed value is computed at less than 100 percent of such market value, but such individual shall include in his report a full and complete description of the method used to determine such assessed value, instead of specifying a category of value pursuant to paragraph (1) of this subsection. If the current value of any other item required to be reported under paragraph (3) of subsection (a) is not ascertainable without an appraisal, such individual may list the book value of a corporation whose stock is not publicly traded, the net worth of a business partnership, the equity value of an individually owned business, or with respect to other holdings, any recognized indication of value, but such individual shall include in his report a full and complete description of the method used in determining such value. In lieu of any value referred to in the preceding sentence, an individual may list the assessed value of the item for tax purposes, adjusted to reflect the market value of the item used for the assessment if the assessed value is computed at less than 100 percent of such market value, but a full and complete description of the methods used in determining such assessed value shall be included in the report.

(e)(1) except as provided in the last sentence of this paragraph, each report required by subsection (a), (b), or (c) shall also contain information listed in paragraphs (1) through (5) of subsection (a) respecting the spouse or dependent child of the reporting individual as follows:

(A) The source of items of earned income earned by a spouse from any person which exceed $1,000 and, with respect to a spouse or dependent child, all information required to be reported in subsection (a)(1)(B) with respect to income derived from any asset held by the spouse or dependent child and reported pursuant to paragraph (3). With respect to earned income, if the spouse is self-employed in business or a profession, only the nature of such business or profession need be reported.

(B) In the case of any gifts received by a spouse which are not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of gifts of transportation, lodging, food, or entertainment and a brief description and the value of other gifts.

(C) In the case of any reimbursements received by a spouse which are not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of each such reimbursement.

(D) In the case of items described in paragraphs (3) through (5), all information required to be reported under these paragraphs other than items (i) which the reporting individual certifies represent the spouse's or dependent child's sole financial interest or responsibility and which the reporting individual has

no knowledge of, (ii) which are not in any way, past or present, derived from the income, assets or activities of the reporting individual, and (iii) from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit.

Each report referred to in subsection (b) of this section shall, with respect to the spouse and dependent child of the reporting individual, only contain information listed in paragraphs (1), (3), and (4) of subsection (a), as specified in this paragraph.

(2) No report shall be required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of his marriage or the permanent separation from his spouse.

(f)(1) Except as provided in paragraph (2), each reporting individual shall report the information required to be reported pursuant to subsection (a), (b), and (c) of this section with respect to the holdings of and the income from a trust or other financial arrangement from which income is received by, or with respect to which a beneficial interest in principal or income is held by, such individual, his spouse, or any dependent child.

(2) A reporting individual need not report the holdings of or the source of income from any of the holdings of—

(A) any qualified blind trust (as defined in paragraph(3)); or

(B) a trust—

(i) which was not created directly by such individual, his spouse, or any dependent child, and

(ii) the holdings or sources of income of which such individual, his spouse, and any dependent child have no knowledge of,

but such individual shall report the category of the amount of income received by him, his spouse, or any dependent child from the trust under subsection (a)(1)(B) of this subsection.

(3) For purposes of this subsection, the term "qualified blind trust" includes any trust in which a reporting individual, his spouse, or any dependent child has a beneficial interest in the principal or income, and which meets the following requirements:

(A) The trustee of the trust is a financial institution, an attorney, a certified public accountant, a broker, or an investment adviser (who in the case of a financial institution or investment company, any officer or employee involved in the management or control of the trust who)—

(i) is independent of and unassociated with any interested party so that the trustee cannot be controlled or influenced in the administration of the trust by any interested party,

(ii) is not or has not been an employee of any interested party, or any organization affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party, and

(iii) is not a relative of any interested party.

(B) Any asset transferred to the trust by an interested party is free of any restriction with respect to its transfer or sale unless such restriction is expressly approved by the supervising ethics office of the reporting individual.

(C) The trust instrument which establishes the trust provides that—

(i) except to the extent provided in subparagraph (B) of this paragraph, the trustee in the exercise of his authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(ii) the trust shall not contain any asset the holding of which by an interested party is prohibited by any law or regulation;

(iii) the trustee shall promptly notify the reporting individual and his supervising ethics office when the holdings of any particular asset transferred to the trust by any interested party are disposed of or when the value of such holding is less than $1,000;

(iv) the trust tax return shall be prepared by the trustee or his designee, and such return and any information relating thereto (other than the trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed to any interested party;

(v) an interested party shall not receive any report on the holdings and sources of income of the trust, except a report at the end of each calendar quarter with respect to the total cash value of the interest of the interested party in the trust or the net income or loss of the trust or any reports necessary to enable the interested party to complete an individual tax return required by law or to provide the information required by subsection (a)(1)(B) of this section, but such report shall not identify any asset or holding;

(vi) except for communications which solely consist of requests for distributions of cash or other unspecified assets of the trust there shall be no direct or indirect communication between the trustee and an interested party with respect to the trust unless such conmunication is in writing and unless it relates only (I) to the general financial interest and needs of the interested party (including but not limited to, an interest in maximizing income or long-term capital gain), (II) to the notification of the trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the trust, or (III) to directions to the trustee to sell all of an asset initially placed in the trust by an interested party which in the determination of the reporting individual creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the reporting individual (but nothing herein shall require any such direction); and

(vii) the interested parties shall make no effort to obtain information with respect to the holdings of the trust, includ-

ing obtaining a copy of any trust tax return filed or any information relating thereto except as otherwise provided in this subsection.

(D) The proposed trust instrument and the proposed trustee is approved by the reporting individual's supervising ethics office.

For purposes of this subsection, "interested party" means a reporting individual, his spouse, and any dependent child if the reporting individual, his spouse, or dependent child has a beneficial interest in the principal or income of a qualified blind trust; "broker" has the meaning set forth in section 3(a)(4) of the Securities and Exchange Act of 1934 (15 U.S.C. 78c(a)(4)); investment adviser includes any investment adviser who, as determined under regulations prescribed by the supervising ethics office, is generally involved in his role as such an adviser in the management or control of trusts; and "supervising ethics office" means the Office of Government Ethics.

(4)(A) An asset placed in a trust by an interested party shall be considered a financial interest of the reporting individual, for the purposes of section 208 of title 18, United States Code, and any other conflict of interest statutes or regulations of the Federal Government, until such time as the reporting individual is notified by the trustee that such asset has been disposed of, or has a value of less than $1,000.

(B) The provisions of subparagraph (A) shall not apply with respect to a trust created for the benefit of a reporting individual appointed to office by the President, by and with the consent of the Senate, or the spouse, dependent child, or minor child of such a person, if—

(i) the Director of the Office of Government Ethics, in concurrence with the Attorney General, finds that—

(I) the assets placed in the trust consist of a well-diversified portfolio of readily marketable securities;

(II) none of the assets consist of securities of entities having substantial activities in the area of the reporting individual's primary area of responsibility;

(III) the trust instrument prohibits the trustee, notwithstanding the provisions of paragraphs (3)(C)(iii) and (iv) of this subsection, from making public or informing any interested party of the sale of any securities;

(IV) the trustee is given power of attorney, notwithstanding the provisions of paragraph (3)(C)(v) of this subsection, to prepare on behalf of any interested party the personal income tax returns and similar returns which may contain information relating to the trust; and

(V) except as otherwise provided in this paragraph, the trust instrument provides (or in the case of a trust established prior to the effective date of this Act which by its terms does not permit amendment, the trustee, the reporting individual, and any other interested party agree in writing) that the trust shall be administered in accordance with that requirements of this subsection and the trustee of such trust meets the requirements of paragraph (3)(A); and

(ii) the reporting individual (other than an individual who is in such an office at the time of enactment of this Act and has an

existing trust which is a good faith attempt to create a blind trust) has informed the Congressional committee considering his nomination at the time his financial disclosure statement is filed with the Committee of his intention to comply with this paragraph.

(5)(A) The reporting individual shall, within thirty days after a qualified blind trust is approved by his supervising ethics office, file with such office a copy of—

(i) the executed trust instrument of such trust (other than those provisions which relate to the testamentary disposition of the trust assets), and

(ii) a list of the assets which were transferred to such trust, including the category of value of each asset as determined under subsection (d) of this section.

This subparagraph shall not apply with respect to a trust meeting the requirements for being considered a qualified blind trust under paragraph (7) of this subsection.

(B) The reporting individual shall, within thirty days of transferring an asset (other than cash) to a previously established qualified blind trust, notify his supervising ethics office of the identity of each such asset and the category of value of each asset as determined under subsection (d) of this section.

(C) Within thirty days of the dissolution of a qualified blind trust, a reporting individual shall—

(i) notify his supervising ethics office of such dissolution, and

(ii) file with such office a copy of a list of the assets of the trust at the time of such dissolution and the category of value under subsection (d) of this section of each such asset.

(D) Documents filed under subparagraphs (A), (B), and (C) of this paragraph and the lists provided by the trustee of assets placed in the trust by an interested party which have been sold shall be made available to the public in the same manner as a report is made available under section 205 and the provisions of that section shall apply with respect to such document and lists.

(E) A copy of each written communication with respect to the trust under paragraph (3)(C)(vi) shall be filed by the person initiating the communication with the reporting individual's supervising ethics office within five days of the date of the communication.

(6)(A) A trustee of a qualified blind trust shall not knowingly or negligently (i) disclose any information to an interested party with respect to such trust that may not be disclosed under paragraph (3) of ths subsection; (ii) acquire any holding the ownership of which is prohibited by the trust instrument; (iii) solicit advice from any interested party with respect to such trust, which solicitation is prohibited by paragraph (3) of this subsection or the trust agreement; or (iv) fail to file any document required by this subsection.

(B) A reporting individual shall not knowingly or negligently (i) solicit or receive any information with respect to a qualified blind trust of which he is an interested party that may not be disclosed under paragraph (3)(C) of this subsection or (ii) fail to file any document required by this subsection.

(C)(i) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who know-

ingly and willfully violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $5,000.

(ii) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who negligently violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $1,000.

(7) Any trust may be considered to be a qualified blind trust if—

(A) the trust instrument is amended to comply with the requirements of paragraph (3) or, in the case of a trust instrument which does not by its terms permit amendment, the trustee, the reporting individual, and any other interested party agree in writing that the trust shall be administered in accordance with the requirements of this subsection and the trustee of such trust meets the requirements of paragraph (3)(A); except that in the case of any interested party who is a dependent child, a parent or guardian of such child may execute the agreement referred to in this subparagraph;

(B) a copy of the trust instrument (except testamentary provisions) and a copy of the agreement referred to in subparagraph (A), and a list of the assets held by the trust at the time of approval by the supervising ethics office, including the category of value of each asset as determined under subsection (d) of this section, are filed with such office and made available to the public as provided under paragraph (5)(D) of this subsection; and

(C) the supervising ethics office determines that approval of the trust arrangement as a qualified blind trust is in the particular case appropriate to assure compliance with applicable laws and regulations.

(g) Political campaign funds, including campaign receipts and expenditures, need not be included in any report filed pursuant to this title.

(h) A report filed pursuant to subsection (d) or (e) of section 201 need not contain the information described in subparagraphs (A), (B), and (C) of subsection (a)(2) with respect to gifts and reimbursements received in a period when the reporting individual was not an officer or employee of the Federal Government.

FILING OF REPORTS

SEC. 203. (a) Except as otherwise provided in this subsection, the reports required under this title shall be filed by the reporting individual with the designated agency official at the agency by which he is employed (or in the case of an individual described in section 201(e), was employed) or in which he will serve. The date any report is received (and the date of receipt of any supplemental report) shall be noted on such report by such official.

(b) The President and the Vice President shall file reports required under this title with the Director of the Office of Government Ethics.

(c) Copies of the reports required to be filed under this title by the Postmaster General, the Deputy Postmaster General, the Governors of the Board of Governors of the United States Postal Service, designated agency officials, employees described in section 105(a)(2)(A) or (B), 106(a)(1)(A) or (B), or 107(a)(1)(A) or (b)(1)(A)(i), of title 3, United States Code, candidates for the office of President or Vice President and officers and employees in (and nominees to) offices or positions which require confirmation by the Senate or by both Houses of Congress other than those referred to in subsection (f) shall be transmitted to the Director of the Office of Government Ethics. The Director shall forward a copy of the report of each nominee to the congressional committee considering the nomination.

(d) Reports required to be filed under this title by the Director shall be filed in the Office of Government Ethics and, immediately after being filed, shall be made available to the public in accordance with this title.

(e) Each individual identified in section 201(c) shall file the reports required by this title with the Federal Elections Commission.

(f) Reports required of members of the uniformed services shall be filed with the Secretary concerned.

(g) The Office of Government Ethics shall develop and make available forms for reporting the information required by this title.

FAILURE TO FILE OR FALSIFYING REPORTS

SEC. 204. (a) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who knowingly and willfully falsifies or who knowingly or willfully fails to file or report any information that such individual is required to report pursuant to section 202. The court in which such action is brought may assess against such individual a civil penalty in any amount, not to exceed $5,000.

(b) The head of each agency, each Secretary concerned, or the Director of the Office of Government Ethics, as the case may be, shall refer to the Attorney General the name of any individual he has reasonable cause to believe has willfully failed to file a report or has willfully falsified or willfully failed to file information required to be reported.

(c) The President, the Vice President, the Secretary concerned, the head of each agency, and the Office of Personnel Management, may take any appropriate personnel or other action in accordance with applicable law or regulation against any individual failing to file a report or falsifying or failing to report information required to be reported.

CUSTODY OF AND PUBLIC ACCESS TO REPORTS

SEC. 205. (a) Each agency shall make each report filed with it under this title available to the public in accordance with the provisions of subsection (b) of this section, together with a copy of the official position description of the Government office or position held by the reporting individual involved (if available) which shall be added to such report by such individual's designated agency official

or by the Secretary concerned, except that this section does not require public availability of the report filed by any individual in the Central Intelligence Agency, the Defense Intelligence Agency, or the National Security Agency, or any individual engaged in intelligence activities in any agency of the United States, if the President finds that, due to the nature of the office or position occupied by such individual, public disclosure of such report would, by revealing the identity of the individual or other sensitive information, compromise the national interest of the United States. In addition, such individuals may be authorized, notwithstanding section 204(a), to file such additional reports as are necessary to protect their identity from public disclosure if the President first finds that such filing is necessary in the national interest.

(b)(1) Each agency shall, within fifteen days after any report is received by the agency under this title, permit inspection of such report by or furnish a copy of such report to any person requesting such inspection or copy. The agency may require a reasonable fee to be paid in any amount which is found necessary to recover the cost of reproduction or mailing of such report excluding any salary of any employee involved in such reproduction or mailing. A copy of such report may be furnished without charge or at a reduced charge if it is determined that waiver or reduction of the fee is in the public interest.

(2) Notwithstanding paragraph (1), a report may not be made available under this section to any person nor may any copy thereof be provided under this section to any person except upon a written application by such person stating—

(A) that person's name, occupation and address;

(B) the name and address of any other person or organization on whose behalf the inspection or copy is requested; and

(C) that such person is aware of the prohibitions on the obtaining or use of the report.

Any such application shall be made available to the public throughout the period during which the report is made available to the public.

(c)(1) It shall be unlawful for any person to obtain or use a report—

(A) for any unlawful purpose;

(B) for any commercial purpose, other than by news and communications media for dissemination to the general public;

(C) for determining or establishing the credit rating of any individual; or

(D) for use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

(2) The Attorney General may bring a civil action against any person who obtains or uses a report for any purpose prohibited in paragraph (1) of this subsection. The court in which such action is brought may assess against such person a penalty in any amount not to exceed $5,000. Such remedy shall be in addition to any other remedy available under statutory or common law.

(d) Any report filed with an agency, or transmitted to the Director of the Office of Government Ethics, pursuant to this title shall be retained by such agency or the Office of Government Ethics, or both,

as the case may be. Such report shall be made available to the public for a period of six years after receipt of the report. After such six-year period the report shall be destroyed unless needed in an ongoing investigation, except that in the case of an individual who filed the report pursuant to section 201(b) and was not subsequently confirmed by the Senate, or who filed the report pursuant to section 201(c) and was not subsequently elected, such reports shall be destroyed one year after the individual either is no longer under consideration by the Senate or is no longer a candidate for nomination or election to the Office of President or Vice President unless needed in an ongoing investigation.

REVIEW OF REPORTS

SEC. 206. (a) Each designated agency official or Secretary concerned shall make provisions to ensure that each report filed with him under this title is reviewed within sixty days after the date of such filing, except that the Director of the Office of Government Ethics shall review only those reports transmitted to him under this title within sixty days after the date of transmittal.

(b)(1) If after reviewing any report under subsection (a), the Director of the Office of Government Ethics, Secretary concerned, or designated agency official, as the case may be, is of the opinion that on the basis of information contained in such report the individual submitting such report is in compliance with applicable laws and regulations, he shall state such opinion on the report, and shall sign such report.

(2) If the Director of the Office of Government Ethics, Secretary concerned, or designated agency official, after reviewing any report under subsection (a)—

(A) believes additional information is required to be submitted, he shall notify the individual submitting such report what additional information is required and the time by which it must be submitted, or

(B) is of the opinion, on the basis of information submitted, that the individual is not in compliance with applicable laws and regulations, he shall notify the individual, afford him a reasonable opportunity for a written or oral response, and after consideration of such response, reach an opinion as to whether or not, on the basis of information submitted, the individual is in compliance with such laws and regulations.

(3) If the Director of the Office of Government Ethics, Secretary concerned, or designated agency official reaches an opinion under paragraph (2)(B) that an individual is not in compliance with applicable laws and regulations, he shall notify the individual of that opinion and, after an opportunity for personal consultation (if practicable), determine and notify the individual of which steps, if any, would in his opinion be appropriate for assuring compliance with such laws and regulations and the date by which such steps should be taken. Such steps may include, as appropriate—

(A) divestiture,

(B) restitution,

(C) the establishment of a blind trust,

(D) request for an exemption under section 208(b) of title 18, United States Code, or

(E) voluntary request for transfer, reassignment, limitation of duties, or resignation.

The use of any such steps shall be in accordance with such regulations as the Director of the Office of Government Ethics or a Secretary concerned, as the case may be, may prescribe.

(4) If steps for assuring compliance with applicable laws and regulations are not taken by the date set under paragraph (3) by an individual in a position (other than in the uniformed services), appointment to which requires the advice and consent of the Senate, the matter shall be referred to the President for appropriate action.

(5) If steps for assuring compliance with applicable laws and regulations are not taken by the date set under paragraph (3) by a member of the uniformed services, the Secretary concerned shall take appropriate action.

(6) If steps for assuring compliance with applicable laws and regulations are not taken by the date set under paragraph (3) by any other officer or employee the matter shall be referred to the head of the appropriate agency for appropriate action; except that in the case of the Postmaster General or Deputy Postmaster General, the Director of the Office of Government Ethics shall recommend to the Governors of the Board of Governors of the United States Postal Service the action to be taken.

(7) For purposes of assisting employees in avoiding situations in which they would not be in compliance with applicable laws and regulations, each Secretary concerned and designated agency official (including the President in the case of the individuals employed in the Executive Office of the President) shall maintain a list of those circumstances or situations which have resulted or may result in noncompliance with such laws or regulations. Such list shall be periodically published, and shall be furnished to those individuals employed within the agency who are required to file reports under this title. The absence of any situation or circumstance from such a list shall not be construed as an indication that an individual in such circumstances or situation would be in compliance with such laws or regulations.

(8) The preceding provisions of this subsection shall not apply in the case of the President or Vice President, or a candidate or nominee for such office.

ADDITIONAL REQUIREMENTS

SEC. 207. (a) The President may require officers and employees in the executive branch (including the United States Postal Service and members of the uniformed services) not covered by this title to submit confidential reports in such form as is required by this title. Subsections (a), (b), and (d) of section 205 shall not apply with respect to any such report.

(b) The Director of the Office of Government Ethics may by rule require disclosure, in the reports filed pursuant to subsections (a) and (c) of section 202, of gifts received by a dependent child of a reporting individual if the information required to be disclosed does not exceed that which must be reported by a spouse of a reporting individual under this title.

(c) The provisions of this title requiring the reporting of information shall supersede any general requirement under any other provision of law or regulation with respect to the reporting of information required for purposes of preventing conflicts of interest or apparent conflicts of interest. Such provisions of this title shall not supersede the requirements of section 7342 of title 5, United States Code.

(d) Nothing in this Act requiring reporting of information shall be deemed to authorize the receipt of income, gifts, or reimbursements; the holding of assets, liabilities, or positions; or the participation in transactions that are prohibited by law, Executive order, or regulation.

AUTHORITY OF COMPTROLLER GENERAL

SEC. 208. The Comptroller General shall have access to financial disclosure reports filed under this title for the purposes of carrying out his statutory responsibilities.

DEFINITIONS

SEC. 209. For the purposes of this title, the term—

(1) "income" means all income from whatever source derived, including but not limited to the following items: compensation for services, including fees, commissions, and similar items; gross income derived from business (and net income if the individual elects to include it); gains derived from dealings in property; interest; rents; royalties; dividends; annuities; income from life insurance and endowment contracts; pensions; income from discharge of indebtedness; distributive share of partnership income; and income from an interest in an estate or trust;

(2) "relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the reporting individual, and shall be deemed to include the fiance or fiancee of the reporting individual;

(3) "gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor, but does not include—

(A) bequest and other forms of inheritance;

(B) suitable mementos of a function honoring the reporting individual;

(C) food, lodging, transportation, and entertainment provided by a foreign government within a foreign country or by the United States Government;

(D) food and beverages consumed at banquets, receptions, or similar events; or

(E) communications to the offices of a reporting individual including subscriptions to newspapers and periodicals;

(4) "honoraria" has the meaning given such term in the Federal Election Campaign Act of 1971.

(5) "value" means a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual;

(6) "personal hospitality of any individual" means hospitality extended for a nonbusiness purpose by an individual, not a corporation or organization, at the personal residence of that individual or his family or on property or facilities owned by that individual or his family;

(7) "dependent child" means, when used with respect to any reporting individual, any individual who is a son, daughter, stepson, or stepdaughter and who—

(A) is unmarried and under age 21 and is living in the household of such reporting individual; or

(B) is a dependent of such reporting individual within the meaning of section 152 of the Internal Revenue Code of 1954;

(8) "reimbursement" means any payment or other thing of value received by the reporting individual, other than gifts, to cover travel-related expenses of such individual other than those which are—

(A) provided by the United States Government;

(B) required to be reported by the reporting individual under section 7342 of title 5, United States Code; or

(C) required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434);

(9) "Secretary concerned" has the meaning set forth in section 101(8) of title 10, United States Code, and, in addition, means—

(A) the Secretary of Commerce, with respect to matters concerning the National Oceanic and Atmospheric Administration; and

(B) the Secretary of Health, Education, and Welfare, with respect to matters concerning the Public Health Service;

(10) "designated agency official" means an officer or employee who is designated to administer the provisions of this title within an agency; and

(11) "executive branch" includes each Executive agency (as defined in section 105 of title 5, United States Code) and any other entity or administrative unit in the executive branch unless such agency, entity, or unit is specifically included in the coverage of title I or III of this Act.

OUTSIDE EARNED INCOME

SEC. 210. Except where the employee's agency or department shall have more restrictive limitations on outside earned income, all employees covered by this title—

(1) who are compensated at a pay grade in the General Schedule of grade GS-16 or above and who occupy nonjudicial full-time positions, appointments to which are required to be made by the President by and with the advice and consent of the Senate, or

(2) who are employees of the White House Office and are compensated at rates equivalent to level II of the Executive Schedule under section 5313 of title 5, United States Code,

may not have in any calendar year outside earned income attributable to such calendar year which is in excess of 15 percent of their salary.

NOTICE OF ACTIONS TAKEN TO COMPLY WITH ETHICS AGREEMENTS

SEC. 211. (a) In any case in which an individual agrees with that individual's designated agency official, the Office of Government Ethics, or a Senate confirmation committee to take any action to comply with this Act or any other law or regulation governing conflicts of interest of, or establishing standards of conduct applicable with respect to, officers or employees of the Government, that individual shall notify in writing the designated agency official, the Office of Government Ethics, or the appropriate committee of the Senate, as the case may be, of any action taken by the individual pursuant to that agreement. Such notification shall be made not later than the date specified in the agreement by which action by the individual must be taken, or not later than three months after the date of the agreement, if no date for action is so specified.

(b) If an agreement described in subsection (a) requires that the individual recuse himself or herself from particular categories of agency or other official action, the individual shall reduce to writing those subjects regarding which the recusal agreement will apply and the process by which it will be determined whether the individual must recuse himself or herself in a specific instance. An individual shall be considered to have complied with the requirements of subsection (a) with respect to such recusal agreement if such individual files a copy of the document setting forth the information described in the preceding sentence with such individual's designated agency official, the Office of Government Ethics, or the appropriate committee of the Senate, as the case may be, within the time prescribed in the last sentence of subsection (a).

EFFECTIVE DATE

SEC. 212. The provisions made by this title shall take effect on January 1, 1979, and the reports filed under section 201(d) on May 15, 1979, shall include information for calendar year 1978.

PART 734—EXECUTIVE PERSONNEL FINANCIAL DISCLOSURE REQUIREMENTS

Sec.

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APPENDIX A TO PART 734—CERTIFICATE OF INDEPENDENCE

APPENDIX B TO PART 734—CERTIFICATE OF COMPLIANCE

AUTHORITY: Titles II and IV of Pub. L. 95-521 (October 26, 1978), as amended by Pub. L. 96-19 (June 13, 1979), 5 U.S.C. Appendix 994; Pub. L. 98-150 (November 11, 1983).

SOURCE: 45 FR 69777, Oct. 21, 1980, unless otherwise noted.

Subpart A—General Provisions

§ 734.101 Authority.

The regulations in this part are issued pursuant to the authority of Titles II and IV of the Ethics in Government Act of 1978, ("the Act") (Pub. L. 95-521, as amended).

§ 734.102 Purpose.

These regulations supplement and implement Title II of the Act, set forth more specifically certain procedures provided in that title and furnish examples, where appropriate.

§ 734.103 Agency regulations.

Each agency may, subject to the prior approval of the Office of Government Ethics, issue regulations implementing this part. These regulations—

(a) Shall be consistent with the Act and with this part, and

(b) Shall impose no additional reporting requirements on individuals subject to the Act, except as may be specifically authorized by statute or by approval of the Office of Government Ethics. Requests for this approval shall be submitted in writing to the Office, setting forth the need for any additional reporting requirements by the agency involved.

§ 734.104 Policies.

(a) (1) Title II of the Ethics in Government Act of 1978 requires high-level Federal executives to disclose their personal financial interests and thereby demonstrate that they are able to carry out their duties without compromising the public trust. Public confidence in Government goes hand in hand with an open Government. Title II extends the cleansing principle of "Sunshine" to consideration of conflicts of interest.

(2) Title II, as amplified and implemented by these regulations of this Part 734, will serve to deter conflicts of interest and to identify potential conflicts of interest in the case of newcomers to Government service by providing for a systematic review of the financial holdings of both current and prospective officers and employees.

(3) Statements of income, assets and liabilities must be reported by the President and Vice President of the United States, presidential appointees, those in the Senior Executive Service, those in confidential or policymaking positions (Schedule C), and civil service employees in grades GS-16 and above (and the equivalent), including comparable officers in the uniformed and foreign services. These reports are available to the public. If anyone uses them for commercial or credit rating reasons or in connection with the solicitation of money for any political, charitable or similar purpose, the Attorney General may institute a civil action against such a person which may result in a penalty not to exceed $5,000.

(4) The reports are not net worth statements. Only assets held as investments and certain other items must be recorded—not items for personal use, such as a residence or jewelry not held for sale. In most instances, specific values are not called for but rather items may be reported by six categories of value ranging from "$1,001 to $5,000" to "greater than $250,000" as the highest category.

(5) The reports do not cover certain contributions under the Federal Election Campaign Act or certain gifts under the Foreign Gifts Act; see § 734.301(c).

(6) Nothing in the Act or this part requiring reporting of information or the filing of any report shall be deemed to authorize the receipt of income, gifts, or reimbursements, the holding of assets, liabilities, or positions, or involvement in transactions that are prohibited by law, Executive order or regulation.

(7) Personnel below the grade of GS-16 continue to remain subject to the financial reporting requirements contained in the Office of Personnel Management's regulations contained in Part 735 of this title. These statements, however, are confidential and are not available for public inspection.

(b) The provisions of Title II of the Act and this part requiring the reporting of information shall supersede any general requirement relating to individuals specified by § 734.202, under any other provision of law or regula-

tion on the reporting of information required for purposes of preventing conflicts of interest or apparent conflicts of interest. Such provisions of Title II and this part shall not supersede the requirements of 5 U.S.C. 7342 (relating to the Foreign Gifts Act).

§ 734.105 Definitions.

For purposes of this part:

Act. The term "Act" means the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended).

Advisory committee. The term "advisory committee" means any committee, board, commission, council, conference, panel, task force, or other similar group which is established—

(1) By statute or reorganization plan,

(2) By the President, or

(3) By one or more agencies,

in the interest of obtaining advice or recommendations for the President or one or more agencies or officers of the Federal Government; such term includes any subcommittee or other subgroup of any advisory committee, but does not include the Advisory Commission on Intergovernmental Relations and the Commission on Government Procurement. For purposes of this definition "agency" has the meaning given that term by 5 U.S.C. 551(1).

Agency. The term "agency" means any executive department, military department, Government corporation or independent establishment or agency.

Dependent child. The term "dependent child" means, when used with respect to any reporting individual, a son, daughter, stepson, or stepdaughter who—

(1) Is unmarried and under age 21 and is living in the household of the reporting individual, or

(2) Is a dependent of the reporting individual within the meaning of section 152 of the Internal Revenue Code of 1954.

Designated agency ethics official. The term "designated agency ethics official" means an officer or employee who is designated by the head of the agency to administer the provisions of Title II of the Act and this part within an agency, or the delegate of such an official.

Executive branch. The term "executive branch" includes each executive department, military department, Government corporation and independent establishment and any other entity or administrative unit in the executive branch unless such agency, entity or unit is specifically included in the coverage of Title I (relating to the legislative branch) or Title III (relating to the judicial branch) of the Act.

Gift. The term "gift" means a payment, advance, forbearance, rendering, or deposit of money, or anything of value, unless consideration of equal or greater value is received by the donor, but does not include—

(1) Bequests and other forms of inheritance,

(2) Suitable mementos of a function honoring the reporting individual,

(3) Food, lodging, transportation, and entertainment provided by a foreign government within a foreign country or by the United States Government,

(4) Food and beverages consumed at banquets, receptions, or similar events, or

(5) Communications to the offices of a reporting individual including subscriptions to newspapers and periodicals.

Honoraria. The term "honoraria" has the meaning given such term for purposes of the Federal Election Campaign Act of 1971. An honorarium is defined in the regulations of the Federal Election Commission as a payment of money or anything of value received by an officer or employee of the Federal Government, if it is accepted as consideration or an appearance, speech, or article. The term does not include payment for or provision of actual travel and subsistence, including transportation, accommodations, and meals of an officer or employee and spouse or an aide, and does not include amounts paid or incurred for any agent's fees or commissions. See also the definitions of "Gift" and "Reimbursement" of this section.

Income. The term "income" means all income from whatever source derived, including but not limited to the following items: Compensation for services, including fees, commissions,

and similar items; gross income derived from business and net income if the individual elects to include it; gains derived from dealings in property including capital gains; interest; rents; royalties; dividends; annuities; income from life insurance and endowment contracts; pensions; income from discharge of indebtedness; net distributive share of partnership income; and income from an interest in an estate or trust. The term includes items, whether or not taxable for Federal income tax purposes, such as interest on municipal bonds. Generally, income means "gross income" as determined in conformity with the principles of 26 CFR 1.61-1 through 1.61-15.

Personal hospitality of any individual. The term "personal hospitality of any individual" means hospitality extended for a nonbusiness purpose by an individual, not a corporation or organization, at the personal residence of that individual or the family of such individual or on property or facilities owned by that individual or the family of such individual.

Personal Residence. The term "personal residence" means any real property used exclusively as a private dwelling by the reporting individual or his or her spouse, which is not rented for any period during a calendar year. There may be more than one personal residence, and the term may include a vacation home. The term is not limited to domicile.

Reimbursement. The term "reimbursement" means any payment or other thing of value received by the reporting individual, other than gifts, to cover travel-related expenses of such individual other than those which are—

(1) Provided by the United States Government,

(2) Required to be reported by the reporting individual under 5 U.S.C. 7342 (relating to the Foreign Gifts Act), or

(3) Required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (relating to reports of campaign contributions).

Relative. The term "relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, halfsister, or who is the grandfather or grandmother of the spouse of the reporting individual, and shall be deemed to include the fiance or fiancee of the reporting individual.

Reporting individual. For the definition of "reporting individual", see § 734.202.

Reviewing official. The term "reviewing official" means the designated agency ethics official, the Secretary concerned, the head of the agency, or the Director, Office of Government Ethics, as the case may be.

Secretary concerned. The term "Secretary concerned" has the meaning set forth in 10 U.S.C. 101(8) (relating to the Secretaries of the Army, Navy and Air Force, and certain other Secretaries), and, in addition, means—

(1) The Secretary of Commerce, in matters concerning the National Oceanic and Atmospheric Administration, and

(2) The Secretary of Health and Human Services, with respect to matters concerning the Public Health Service.

Special Government employee. The term "special Government employee" has the meaning given that term by 18 U.S.C. 202(a).

Staff functions. The term "staff functions in support of an advisory committee" means the performance of duties with regard to matters of a substantive nature for an advisory committee. Whether generation of information is conducted independently or under the direct supervision of members of an advisory committee in fulfilling their responsibilities to advise the Executive branch, the substantive nature of the activity controls. A functional analysis of assigned subject matter responsibilities must be applied in each instance regardless of the contractual relationship between the individual performing the duties and the advisory committee. Preparation of

work plans, performance of studies, drafting reports, and formulating recommendations whether preliminary or final are considered matters of a substantive nature.

Value. The term "value" means a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual. In the case of any interest in property, such estimation shall be made in accordance with the principles of § 734.303(a).

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

Subpart B—Persons Required To File

§ 734.201 General requirements for filing.

(a) *Incumbents.* A reporting individual who, during any calendar year, performs the duties of his or her position or office for a period in excess of 60 days shall file a report containing the information prescribed in Subpart C of this part on or before May 15 of the succeeding year.

(b) *New entrants.* Within 30 days of assuming a new position or office described in § 734.202, a reporting individual shall file a report containing the information prescribed in Subpart C of this part, unless such individual:

(1) Has left another position referred to in § 734.202 (with respect to which a report under this section has previously been filed) within the 30 days prior to his assumption of such new position, or

(2) Has already filed such a report—

(i) As a nominee for the new position, or

(ii) As a candidate for the position.

Example (1). *Y*, a GS–16 employee of the Treasury Department (who has previously filed reports in accordance with the rules of this section) terminates employment with that Department on January 12, 1980, and begins employment with the Commerce Department on February 10, 1980, in a Senior Executive Service position. *Y* is not a new entrant since she has assumed a position described in § 734.202 within thirty days of leaving another position so described. Accordingly, she need not file a new report with the Commerce Department.

NOTE: While *Y* did not have to file a new report with the Commerce Department, that Department should request a copy of the report she had filed with the Treasury Department so that Commerce could determine whether or not there would be any conflicts or potential conflicts in connection with *Y's* new employment.

Example (2): If in *Example (1)*, *Y*, had left a position with the Legislative branch in which she had been compensated at a rate equal to or in excess of GS–16, *Y* would, nevertheless, be a new entrant as her former position would not have been one described in § 734.202. *Y* would have to file a report with the Commerce Department.

(c) *Nominees.* At any time after a public announcement by the President or President-elect of his intention to nominate an individual to a position, appointment to which requires the advice and consent of the Senate, such individual may and, in any event, within five days after the transmittal of the nomination to the Senate, must file a report containing the information prescribed in Subpart C of this part. This requirement shall not apply to any individual who is nominated to a position as:

(1) A judicial officer or employee covered by section 301(b) of the Act,

(2) An officer of the uniformed services, or

(3) A foreign service officer in the State Department (or other department or agency).

See § 734.604(c), relating to expedited procedure in the case of individuals described in the first sentence of this paragraph (c); however, those individuals referred to in paragraph (c)(2) or (c)(3) of this section, shall file their reports in accordance with paragraph (b) of this section.

(d) *Candidates.* (1) Within 30 days of becoming a candidate in a calendar year for nomination or election to the office of President or Vice President, as determined by the Federal Election Commission, or

(2) On or before May 15 of that calendar year,

whichever is later, and on or before May 15 of each successive year an individual continues to be a candidate, he or she, except for an incumbent President or Vice President, shall file a report containing the information prescribed in Subpart C of this part. Notwithstanding this requirement in any

calendar year in which an individual continues to be a candidate for any office but all elections for such office relating to such candidacy were held in prior calendar years, the individual need not file a report unless he or she becomes a candidate for another vacancy in that office or another office during that year.

Example (1): The Federal Election Commission determined that *P* became a candidate for President in January of 1979. *P* will be required to file a financial disclosure report on or before May 15, 1979. If *P* had become a candidate on June 1, 1979, she would be required to file a disclosure within 30 days of that date.

Example (2): If *P* withdraws from the race in March of 1980, she will not be required to file an annual disclosure report by May 15, 1980, as she has not continued to be a candidate until that date.

(e) *Termination of employment.* On or before that thirtieth day after termination of employment from a position or office described in § 734.202, a reporting individual shall file a report containing the information prescribed in Subpart C of this part for the period from the end of the calendar year with respec to which a report was last filed pursuant to paragraph (a) of this section to the date on which the individual left such office or position. Notwithstanding the preceding sentence, in a case in which the individual assumes employment in another position or office described in § 734.202 within 30 days of such termination, no report shall be required by the provisions of this paragraph. See *Example (1)* in paragraph (b) of this section.

(f) *Extensions.* The reviewing official may, for good cause shown, grant to any employee or class of employees an extension of up to 45 days. The Director, Office of Government Ethics, for good cause shown, may grant an additional extension of up to 45 days. The employee shall set forth specific reasons for an additional extension which shall be forwarded to the Director, through the reviewing official, who shall also submit his or her comments on the request.

[45 FR 69777, Oct. 21, 1980; 45 FR 83472, Dec. 19, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.202 Reporting individual; defined.

For purposes of this part the term "reporting individual" includes—

(a) The President;

(b) The Vice President;

(c) Each officer or employee in the executive branch, including a special Government employee as defined in 18 U.S.C. 202, whose position is classified at GS-16 or above of the General Schedule prescribed by 5 U.S.C. 5332, or the rate of basic pay for which is fixed, other than under the General Schedule, at a rate equal to or greater than the minimum rate of basic pay fixed for GS-16; each member of a uniformed service whose pay grade is at or in excess of 0-7 under 37 U.S.C. 201; and each officer or employee in any other position determined by the Director of the Office of Government Ethics to be of equal classification;

Example (1): Foreign service officers in the State Department rated as FSO 1 or 2 must file a report since they have a rate of basic pay equal to or greater than the basic rate of pay fixed for GS-16.

(d) Each employee who is an administrative law judge appointed pursuant to 5 U.S.C. 3105;

(e) Any employee not described in paragraph (c) of this section who is in a position in the executive branch which is excepted from the competitive service by reason of being of a confidential or policymaking character;

(f) The Postmaster General, the Deputy Postmaster General, each Governor of the Board of Governors of the United States Postal Service and each officer or employee of the United States Postal Service or Postal Rate Commission whose basic rate of pay is equal to or greater than the minimum rate of basic pay fixed for GS-16; and

(g) The Director of the Office of Government Ethics and each designated agency official.

(h) Any individual who (1) performs staff functions (as defined in § 734.105) in support of an advisory committee which is composed, in whole or in part, of special Government employees, (2) is reasonably expected to perform these functions for more than 60 days in a calendar year

as set forth in § 734.201 and (3) whose duties and responsibilities are determined by the Office of Government Ethics, in consultation with the agency served by the advisory committee, to warrant a position classification equal to or greater than one required by the minimum rate of basic pay for GS-16 of the General Schedule prescribed by 5 U.S.C. 5332.

Example (1): A corporate executive in his or her capacity as a special Government employee of an advisory committee employs the services of a staff assistant to conduct research, develop draft reports or recommendations and assist in policy formulation for the advisory committee. The staff assistant must file a financial disclosure statement if it is determined that he or she is expected to perform staff functions for more than 60 days in a calendar year and that his or her position is of a classification equal to GS-16. On the other hand, the personal secretary of a corporate executive serving on an advisory committee should not be required to file such a report simply because the secretary arranges meetings or types materials which the corporate executive uses in fulfilling advisory committee responsibilities.

Notwithstanding the provisions of paragraph (e) of this section, any employee excluded from the reporting requirements of this part by virtue etermination under § 734.203 shall not be deemed to be a reporting individual. For purposes of § 734.201(e), s√† tus as a reporting individual shall continue for a period of 30 days after termination of employment from a position or office to which this section applies.

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.203 Certain individuals excluded from reporting requirements.

(a) *In general.* Any individual or group of individuals described in § 734.202(e) (on positions of a confidential or policymaking character) may be excluded from the reporting requirements of this part in cases in which the Director, Office of Government Ethics, determines, in his or her sole discretion, that such exclusion would not affect adversely the integrity of the Government or the public's confidence in the integrity of the Government.

(b) *Exclusion determinations.* The determination described in paragraph (a) of this section has been made for the following individuals and groups of individuals and, therefore, they may be excluded from the reporting requirements of this part pursuant to the provisions of paragraph (c) of this section:

(1) Individuals in any position classified below GS-16, or the rate of basic pay for which is less than the minimum rate of basic pay fixed for GS-16, who have no role in advising or making policy determinations with respect to agency programs or policies. For example, such individuals may include chauffeurs, private secretaries, stenographers and those who hold positions of similar nature where consistent with the basic criterion set forth in the preceding sentence.

(c) *Procedure.* (1) The exclusion of any individual from reporting requirements pursuant to this section will be effective as of the time the employing agency or other governmental entity files with the Office of Government Ethics a list and description of each position for which exclusion is sought, as well as the identity of its current occupant. Such a list showing any additions or deletions or a statement that there have been no changes must be filed annually with the Office of Government Ethics on or before May 15.

(2) In the event that the Office of Government Ethics finds that one or more positions has been improperly excluded, it will advise the agency or other governmental entity and set a date for the filing of the report.

§ 734.204 Employment of sixty days or less.

(a) *In general.* Any reporting individual who—

(1) As determined by the designated agency ethics official or Secretary concerned, in a case to which the provisions of § 734.201(b) or (e) would otherwise apply, or

(2) As determined by the Director, Office of Government Ethics, in a case to which the provisions of § 734.201(c) (on nominees) would otherwise apply, is not reasonably expected to perform

the duties of his or her office or position for more than 60 days in a calendar year, shall not be subject to the reporting requirements of § 734.201(b), (c), or (e), respectively.

(b) *Exception.* Notwithstanding the provisions of paragraph (a) of this section, if the reporting individual performs the duties of his or her office or position for more than 60 days in a calendar year, the report otherwise required by—

(1) Section 734.201(b) or (c) shall be filed within 15 calendar days after the sixty-first day of that performance unless the individual has filed a request for a waiver under § 734.205(b), and

(2) Section 734.201(e) (on termination reports) shall be filed as provided in that paragraph.

§ 734.205 Special waiver of reporting requirements.

(a) *General rule.* In unusual circumstances, the Director, Office of Government Ethics, may grant a request for a waiver of any reporting requirement otherwise applicable under this part for an individual who is reasonably expected to perform, or has performed, the duties of his or her office or position for fewer than 130 days in a calendar year, but only if the Director determines that—

(1) The individual is a special Government employee (as defined in 18 U.S.C. 202) who performs temporary duties either on a full-time or intermittent basis,

(2) The individual is able to provide services specially needed by the Government,

(3) It is unlikely that the individual's outside employment or financial interests will create a conflict of interest, and

(4) Public financial disclosure by the individual is not necessary in the circumstances.

(b) *Procedure.* (1) The individual must file a request for a waiver with the Office of Government Ethics within 10 days after—

(i) The individual knows that he or she will serve more than 60 days in any calendar year, or

(ii) The expiration of the 60 days,

whichever is earlier. The request shall state the reasons the individual believes the conditions of paragraph (a)(1) through (4) of this section are met in the particular case, and the request shall be filed with the report otherwise required by this part. The report shall bear the legend at the top of page 1:

"CONFIDENTIAL: WAIVER REQUEST PENDING PURSUANT TO 5 CFR 734.205."

(2) The Office of Government Ethics shall seek advice from the agency in which the individual serves as to its views on the justification for the waiver.

(3) In the event the waiver is granted, the report shall not be subject to the public disclosure requirements of § 734.602; however, the waiver request and grant of waiver shall be subject to those requirements. In the event that the waiver is not granted, all such legends shall be removed and the report shall be subject to the public disclosure requirements; however, the waiver request shall not be subject to those requirements.

Subpart C—Contents of Reports

§ 734.301 Reports of incumbents.

Each report filed pursuant to § 734.201(a) shall include a full and complete statement, on the form prescribed by the Office of Government Ethics and in accordance with instructions issued by the Office, on the following:

(a) *Income*—(1) *In general.* The source and amount or value of—

(i) Income, including type of income, other than that referred to in paragraph (a)(2) of this section and other than that from current employment by the United States Government, and

(ii) Any honoraria, including the date,

received during the preceding calendar year which from any source total $100 or more in value.

For special rules on spouses and dependent children, see § 734.303(b).

Example (1): The types of income which should be disclosed do include: (i) Outside earned income,

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(ii) Pensions, and

(iii) A partner's net distributive share of partnership income from a commercial venture.

Example (2): An official is asked to speak at a banquet in Washington about his hobby which is unrelated to his public duties. He is given $200 for doing so. Whether or not acceptance of the payment is permitted by the regulations of his agency, the $200 received must be reported as income pursuant to paragraph (a)(1)(ii) of this section, as it is an honorarium (as defined in § 734.105(g)). The value of the meal received at the banquet need not be disclosed. (See § 734.105 (f)(4) and (g)).

Example (3): An official is a participant in a bona fide retirement plan of Coastal Airlines. Pursuant to such plan, the official and his spouse receive passage on some Coastal flights without charge; they receive passage on other flights at a discount fare. The difference between what Coastal charges members of the public generally and what the official and his wife are charged for a particular flight (if charged at all) is deemed income in-kind. Such income in-kind is required to be reported separately under paragraph (a)(1) of this section.

(2) *Certain income.* The source and type of income which consists of dividends, rents, interest, and capital gains from any source, received during the preceding calendar year which exceeds $100 in amount or value, which shall be categorized as to the total amount or value of each item in accordance with the following table:

(i) Not more than $1,000;

(ii) Greater than $1,000 but not more than $2,500;

(iii) Greater than $2,500 but not more than $5,000;

(iv) Greater than $5,000 but not more than $15,000;

(v) Greater than $15,000 but not more than $50,000;

(vi) Greater than $50,000 but not more than $100,000; and

(vii) Greater than $100,000.

Example (1): An official rents out a portion of her residence. She receives rental income of $600 from one individual for four months and $1200 from another individual for the remaining eight months of the year covered by the report. She must identify the property, and indicate the category of the amount of rent received pursuant to paragraph (a)(2) of this section.

Example (2): An official has three savings accounts with Bank A. One is in his name and earned $85 in interest. One is in a joint account with his wife and earned $120 in interest. One is in his name and his dependent daughter's name and earned $35 in interest. The official must disclose the name of the bank and the category of the total amount of interest earned from all three accounts. He must also disclose the accounts under paragraph (d) of this section if in the aggregate they total more than $5,000 in that bank.

(b) *Purchases, sales and exchanges of certain property.* A brief description (including the date) of any purchase, sale or exchange during the preceding calendar year:

(1) Of real property, other than a personal residence of the reporting individual or spouse, and

(2) Of stocks, bonds, commodities futures, and other forms of securities, which shall be categorized as to each transaction in accordance with § 734.304, in any case in which the fair market value of such property exceeds $1,000.

Notwithstanding paragraphs (b)(1) and (2) of this section, any transaction solely by and between the reporting individual, the spouse, and dependent children need not be reported. For purposes of this paragraph, transactions involving Treasury bills, money market mutual funds, and certificates of deposit issued by banking institutions are not deemed purchases, sales, or exchanges when effected at rates, terms, and conditions available generally to members of the public.

Example (1): An official sells her personal residence in Virginia for $100,000 and purchases a residence in the District of Columbia for $200,000. She realized a gain on the sale of the Virginia home of $30,000. She need not report the sale of the Virginia residence or the purchase of the D.C. residence under paragraph (b) of this section.

Example (2): An official sells his beach home in Maryland for $50,000. Because he has rented it out for one month every summer, it does not qualify as a personal residence. He must disclose the sale under paragraph (b) of this section and any capital gain realized on the sale under paragraph (a)(2) of this section.

Example (3): An official sells a ranch to his dependent daughter. The official need not report the sale under paragraph (b) of this section because it is a transaction between the reporting individual and a dependent child. If the daughter were no longer a dependent child the sale and any capital gain, except for that portion attrib-

utable to a personal residence, would have to be disclosed.

Example (4): An official sells an apartment building and realizes a loss of $100,000. He must report the sale of the building under paragraph (b) of this section, but he need not disclose the sale under paragraph (a)(2) of this section, as it did not result in a capital gain.

(c) *Gifts and reimbursements*—(1) *In general.* The identity of the source, a brief description, and the value of all gifts (other than gifts described in paragraph (c)(2) of this section) from any source other than a relative of the reporting individual, received during the preceding calendar year which total $100 or more in value. Gifts received must be reported pursuant to the requirements of this paragraph. See § 734.104(a).

Example (1): An official accepts a print, a pen and pencil set, and a letter opener from a community service organization she has worked with solely in her private capacity. If any one of the gifts is valued at at least $100, she must disclose that gift. If any one gift is valued at less than $100 she need not report the gift unless the organization had during that same reporting year given her other item(s) whose value when aggregated would equal $100 or more. For purposes of aggregation she need not count items valued at $35 or less; see paragraph (c)(5) of this section. For method of valuation see paragraph (c)(4).

Gift 1—Print: Value $75
Gift 2—Pen and pencil set: $40
Gift 3—Letter opener: $20

The official must disclose Gifts 1 and 2, but not Gift 3.

(2) *Certain gifts.* The identity of the source, a brief description, and the value of any gifts of transportation, lodging, food, or entertainment from any source other than a relative of the reporting individual, received during the preceding calendar year which total $250 or more in value. Notwithstanding the preceding sentence, any food, lodging or entertainment received as the "personal hospitality of any individual" need not be reported. (See § 734.105(i).)

Example (1): An official receives the following items from a single source:

1. Dinner at a restaurant—$50
2. Round-trip taxi fare to meet donor at the restaurant—$15.
3. Dinner at donor's city residence—(value uncertain)
4. Round-trip airline transportation to donor's country home—$200
5. Weekend at donor's country home including duck hunting and tennis match—(value uncertain)

The official need only disclose Gifts 1 and 4. Gifts 3 and 5 need not be disclosed because they fall within the exception for "personal hospitality of an individual." (See § 734.105(i).) Gift 2 while otherwise disclosable need not be aggregated with Gifts 1 and 4 because it is valued less than $35. (See paragraph (c)(4) of this section.)

Example (2): An official accepts a number of invitations for dinner at restaurants in the city. The dinners are valued at more than $35 and in the aggregate are more than $250. The invitations are for purely personal reasons and are from one individual. Nevertheless, the official must report these dinners because they do not fall within the definition of "personal hospitality of any individual." See § 734.105(i). The official can request a waiver of this reporting requirement pursuant to § 734.303(g). If granted, the waiver is public.

(3) *Reimbursements.* The identity of the source, a brief description, and the value of any reimbursements not otherwise reportable under the provisions of this subpart received during the preceding calendar year which from any source total $250 or more in value from any source.

Example (1): An official is asked to speak at an out-of-town meeting on a matter which is unrelated to his official duties and his agency. The round trip air fare is more than $250. If the official pays for the ticket and is then reimbursed by the organization to which he spoke, he must disclose this reimbursement under paragraph (c)(3) of this section. If the organization simply provided the ticket, this must be disclosed as a gift under paragraph (c)(2) of this section.

(4) *Valuation of gifts and reimbursements.* The value to be assigned to a gift or reimbursement is its fair market value. For most reimbursements this will be the amount actually received. For gifts and non-cash reimbursements the value should be determined in one of the following manners:

(i) If the gift has been newly purchased or is readily available in the market, the value shall be its retail price. The reporting individual need not contact the donor but may and should contact a retail establishment

selling similar items to determine the present cost in the market.

(ii) If the item is not readily available in the market, such as a piece of art, a hand-made item, or antique, the individual can, as in the case of property in § 734.303(a)(2), make a good faith estimate of the value of the item.

For purposes of this paragraph (c)(4), the term "readily available in the market" means that an item generally is available for retail purchase in the metropolitan area nearest to the official's residence.

Examples

Items such as a pen and pencil set, letter opener, leather case or engraved pen are generally available in the market and can be determined by contacting stores which sell like items and ascertaining the retail price of each.

The value of a dinner at a restaurant can either be the actual cost of the reported dinners or the approximate value of the dinner given the posted fare of the restaurant. The reporting individual need not ask the donor to see the check.

(5) *De minimis exception.* Any gift with a fair market value of $35 or less need not be aggregated for purposes of this paragraph (c). The acceptance of these gifts is subject to the restrictions imposed by Executive Order 11222 and regulations promulgated thereunder as is the acceptance of the gifts of $35 or more.

(6) *Cross-reference.* For special waiver in the case of certain gifts see § 734.303(g).

(d) *Interests in property*—(1) *In general.* A brief description of any interest in property held at the close of the preceding calendar year in a trade or business, or for investment or the production of income, having a fair market value in excess of $1,000, which shall be categorized as to the fair market value of each item in accordance with § 734.304. Each item of real and personal property shall be disclosed separately.

(2) *Exceptions.* Notwithstanding the provisions of paragraph (d)(1) of this section, the following shall not be reported:

(i) Any personal liability owed to the reporting individual by a relative,

(ii) Personal savings accounts in a single financial institution or holdings in a single money market mutual fund, in the case of a reporting individual, spouse, and dependent children who have deposits or holdings, respectively, aggregating $5,000 or less in that institution or fund, and

(iii) A personal residence of the reporting individual or spouse.

For purposes of this paragraph (d), the term "personal savings account" means a certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

Example (1): The following items are examples of property required to be disclosed. This list is not inclusive but is presented to show typical items:

(A) Real estate other than a personal residence of a reporting individual or spouse,

(B) Stocks, bonds, securities, and commodities contracts,

(C) Animals owned for commercial purposes,

(D) Commercial crops, those growing and those held in storage,

(E) Antiques owned for resale,

(F) Beneficial interests in trusts and estates (see § 734.303(c)),

(G) Art held for investment,

(H) Pensions and annuities, and

(I) Money market mutual funds.

Example (2): An official has a $4,000 savings account in Bank A. His wife has a $2,500 certificate of deposit issued by Bank B and his daughter has a $200 savings account in Bank C. The official does not have to disclose the deposits as the total value of the deposits in any one bank do not exceed $5,000. Nevertheless, the source and amount of interest income would have to be disclosed under paragraph (a)(2) if it exceeds $100.

Example (3): Reporting individual *R* has a collection of post-impressionist paintings which have been carefully selected over the years. From time to time, as new paintings have been acquired to add to the collection, *R* has made recurrent sales of both less desirable post-impressionist works from his collection and paintings of various schools which he acquired through inheritance. Under these circumstances, *R* would report income from sales of any paintings pursuant to paragraph (a)(2) of this section, and all the paintings he retains as interests in property pursuant to paragraph (d) of this section. The Office of Government Ethics deems recurrent sales from a collection or related holdings to remove the collection and such holdings from the exemption for purely personal items from public financial disclosure under section 202 of the Act.

Example (4): Reporting individual *R* has several commodity transactions in calendar year 1979, as follows:

Positions, date of purchase and date of sale (includes short sales)

No. (1)–3 contracts April 1980 Gold (Comex), 4/18/79, open position [carried over to 1980]
No. (2)–2 contracts June 1980 Gold (Comex), 12/13/79, 6/19/79
No. (3)–1 contract February 1980 Gold (Comex), open position [carried over to 1980] 8/17/79
No. (4)—2 contracts August 1980 Gold (Comex), 5/13/79; 9/19/79

(i) *Position No. (1)* is an interest in property which, since it was held as of the close of calendar year 1979, is reported under paragraph (d) of this section as an interest in property (if the $1,000 fair market value criterion of paragraph (d) is met). In accordance with standard accounting practices with respect to such interests, the fair market value of a commodity contract, for purposes of this section, is determined by the amount of the net unrealized gain or loss. This item is also reported under paragraph (b) of this section as a purchase, if the $1,000 fair market value criterion of paragraph (b) is met.

(ii) The gain or loss realized with respect to the transactions relating to *Position No. (2)* (a short sale) is reported under paragraph (b) of this section as a completed purchase and sale (if the $1,000 threshold criterion of paragraph (b) is met). With respect to a completed purchase and sale such as *Position No. (2)*, the threshold criterion is applied against the net realized gain or loss. The completed purchase and sale is also reported uder paragraph (a)(2) of this section (relating to income items), if the $100 threshold criterion of paragraph (a)(2) is met. Accordingly, if the completed purchase and sale had resulted in a loss, it would not have been reportable under paragraph (a)(2).

(iii) *Position No. (3)* (notwithstanding that it is a short sale) is an interest in property which, since it was held as of the close of calendar year 1979, is reported under paragraph (d) of this section as an interest in property (if the $1,000 threshold criterion of paragraph (d) is met). This item is also reported under paragraph (b) of this section as a sale, if the $1,000 threshold criterion of paragraph (b) is met.

(iv) The gain or loss realized with respect to the transactions relating to *Position No. (4)* is reported under paragraph (b) of this section as a completed purchase and sale (if the $1,000 threshold criterion of paragraph (b) is met). The completed purchase and sale is also reported under paragraph (a)(2) of this section (relating to income items), if the $100 threshold criterion of paragraph (a)(2) is met.

(v) It should be noted that the principles of this example are applicable with respect to the purchase and sale of options contracts.

(e) *Liabilities*—(1) *In general.* A brief description of the total liabilities owed to any creditor, other than a relative, to whom, at any time during the preceding calendar year, over $10,000 is owed, which shall be categorized as to the amount of any such liability in accordance with § 734.304. The greatest amount owed to any such creditor during such period shall be reported.

(2) *Exceptions.* Notwithstanding the provisions of paragraph (e)(1) of this section, the following shall not be reported:

(i) Any mortgage secured by a personal residence of the reporting individual or spouse,

(ii) Any loan secured by a personal motor vehicle, household furniture, or appliances, which loan does not exceed the purchase price of the item which secures it, and

(iii) Any revolving charge account with an outstanding liability which does not exceed $10,000 as of the close of that preceding calendar year.

Example (1): An official has the following loans outstanding at the end of the calendar year:

1. Mortgage on personal residence—$80,000
2. Mortgage on rental property—$50,000
3. VISA Card—$1,000
4. Master Card—$11,000
5. Loan secured by family automobile purchased for $6,200—$5,000
6. Loan secured by antique furniture purchased for $8,000—$10,000
7. Loan from parents—$20,000

Loans indicated in items 2, 4, and 6 must be disclosed. Loan 1 is exempt from disclosure because it is secured by the personal residence. Loan 3 need not be disclosed because it is considered a revolving charge account and it is less than $10,000. Loan 5 need not be disclosed because it it secured by a personal motor vehicle and is for less than the purchase price. Loan 7 need not be disclosed because the creditor is a relative.

(f) *Other positions*—(1) *In general.* Identification of all positions held, at any time during the period beginning on January 1 of the preceding calendar year and ending on the date of

filing as an officer, director, trustee, partner, proprietor, representative, executor, employee, or consultant of any corporation, company, firm, partnership, trust, or other business enterprise, any non-profit organization, any labor organization, or any educational or other institution other than the United States. Notwithstanding the preceding sentence, the following need not be reported:

(i) Positions held without compensation in any religious, social, fraternal, or political entity, and

(ii) Positions solely of an honorary nature, such as those with an *emeritus* designation.

(2) *Initial reports; special rules.* In the case of a reporting individual who has not filed a report under § 734.201 during the preceding calendar year—

(i) For purposes of paragraph (f)(1) of this section, all such positions held during the preceding two calendar years shall also be reported, and

(ii) Except in the case of the President and the Vice President, identification and a brief description of the nature of the duties performed or services rendered with respect to each source of compensation which exceeded $5,000 in either of the preceding two calendar years.

Notwithstanding the provisions of paragraph (f)(2)(ii) of this section, information need not be reported which is considered confidential as a result of a privileged relationship, established by law, between the reporting individual and any person, or with respect to any person for whom services were provided by any firm or association of which the reporting individual was a member, partner, or employee, unless the individual was directly involved in the provision of such services.

Example (1): A partner or employee of a law firm who has worked on a matter involving a client from which the firm received over $5,000 in fees during a calendar year must report the name of the client only if the value of the services rendered by the partner or employee was more than $5,000. The name of the client, except in unusual situations, would not be considered confidential.

(g) *Certain agreements and arrangements.* Identification of the parties to, and a brief description including the date of any agreement or arrangement, in existence at any time during the period beginning on January 1 of the preceding calendar year and ending on the date of filing, with respect to—

(1) Future employment,

(2) A leave of absence during the period of the reporting individual's Government service,

(3) Continuation of payments by a former employer other than the United States Government, and

(4) Continuing participation in an employee welfare or benefit plan maintained by a former employer. (See 18 U.S.C. 209(b)).

[45 FR 69777, Oct. 21, 1980; 45 FR 83472, Dec. 19, 1980]

§ 734.302 Reports of other reporting individuals.

(a) *New entrants, nominees, and candidates.* Each report filed under § 734.201(b), (c), or (d) shall include a full and complete statement, on the form prescribed by the Office of Government Ethics and in accordance with instructions issued by the Office, under the provisions of § 734.301, except for paragraphs (b) (relating to purchases, sales and exchanges of certain property) and (c) (relating to gifts and reimbursements) of that section; however, the following shall also be reported:

(1) *Income.* For purposes of paragraph (a) of § 734.301, relating to income, all the income items specified in that paragraph received during a period which begins on January 1 of the preceding calendar year and ends on the date on which the report is filed (except as otherwise provided by § 734.604(d)),

(2) *Interests in property.* For purposes of paragraph (d) of § 734.301, relating to interests in property, all the interests specified in that paragraph held during a period which begins on January 1 of the preceding calendar year and ends fewer than thirty-one days before the date on which such report is filed, and

(3) *Liabilities.* For purposes of paragraph (e) of § 734.301, relating to liabilities, all the liabilities specified in that paragraph owed during a period

which begins on January 1 of the preceding calendar year and ends fewer than thirty-one days before the date on which the report is filed.

(b) *Termination reports.* Each report filed under § 734.201(e) shall include a full and complete statement, on the form prescribed by the Office of Government Ethics and in accordance with instructions issued by the Office, under the provisions of § 734.301; except that in any case in which information is required by that section to be reported for the preceding calendar year with respect to any item, transaction, or occurrence, all such information for a period which begins on January 1 of the current calendar year and ends on the date on which the report is filed, shall also be reported.

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.303 Special rules.

(a) *Valuation of interests in property.* This paragraph (a) sets forth detailed rules for determining the value of interests in property for purposes of § 734.301(d). A good faith estimate of value may be made in lieu of a determination under paragraph (a)(1) or (a)(2) of this section, in any case in which such a determination cannot be obtained without undue hardship or expense to the reporting individual.

(1) *Real property.* If the current value of an interest in real property or an interest in a real estate partnership is not ascertainable without an appraisal, a reporting individual may report:

(i) The date of purchase and the purchase price of the interest in the real property, or

(ii) The assessed value of the real property for tax purposes, adjusted to reflect the market value of the property used for the assessment if the assessed value is computed at less than 100 percent of that market value.

(2) *Other property.* If the current value of any item, other than real property referred to in paragraph (a)(1) of this section, is not ascertainable without an appraisal, a reporting individual may report (as appropriate)—

(i) The book value of a corporation whose stock is not publicly traded,

(ii) The net worth of a business partnership other than a real estate partnership,

(iii) The equity value of an individually owned business,

(iv) With respect to entities not referred to in paragraph (a)(2)(i) through (iii) of this section, any recognized indication of value accompanied by a full and complete description of the method used in determining such value, or

(v) In lieu of any indication of value referred to in this paragraph (a)(2), the assessed value of any such item for tax purposes, adjusted in the manner prescribed in paragraph (a)(1)(ii) of this section.

In any case in which the assessed value for tax purposes of any item is reported under paragraph (a)(1)(ii) or (a)(2)(v) of this section, in lieu of a categorization of the fair market value of that item in accordance with § 734.304, a full and complete description of the method used in determining the assessed value shall be reported.

(b) *Spouses and dependent children.* Each report required by the provisions of this subpart shall include:

(1) *Income.* For purposes of § 734.301(a), relating to income:

(i) With respect to a spouse, only the source of items of outside earned income (as defined in § 734.501(b)) which exceed $1,000; and in the case of such items derived from a spouse's self-employment in a business or profession, only the nature of the business or profession need be reported, and

(ii) With respect to interests in property of a spouse or dependent child, only income derived from such interests which are reported or reportable pursuant to § 734.301(d).

Example (1): The spouse of a reporting individual is employed as a teller at Bank X and earns $15,000 per year. The reporting individual must disclose that the spouse is employed by Bank X; however, the individual need not report the $15,000 earnings.

Example (2): The spouse of a reporting individual is self-employed as a pediatrician. The reporting individual need only disclose that the spouse is a physician.

(2) *Purchases, sales and exchanges of certain property.* For purposes of § 734.301(b), on purchases, sales and exchanges, with respect to interests in property of a spouse or dependent child reported or reportable under § 734.301(d), any purchase, sale, or exchange specified in § 734.301(b) with respect to any such interest;

(3) *Gifts and reimbursements.* For purposes of § 734.301(c), on gifts and reimbursements, with respect to—

(i) A spouse, only gifts and reimbursements, or

(ii) A dependent child, only gifts,

specified in that section received by the spouse or dependent child (to any extent) by reason of such spouse's or dependent child's relationship to the reporting individual;

Example (1): A reporting official and her spouse were taken to dinner by an individual the official dealt with as a Federal employee. The value of the spouse's dinner must be reported as a gift.

Example (2): The employer of the spouse of a reporting individual takes the spouse and such individual to dinner. The employer does not do business with the reporting individual's agency. The reporting individual is invited because of the marriage relationship. The reporting individual need not report the spouse's dinner as a gift under § 734.301(c). Only the reporting individual's dinner is reportable, if the threshold limitations of that section are satisfied.

(4) *Interests in property and liabilities.* For purposes of § 734.301 (d) and (e), on interests in property and liabilities, respectively, all information on any such interests or liabilities specified in those paragraphs of a spouse or dependent child, other than with respect to items—

(i) Which the reporting individual certifies,

(A) Represent the spouse's or dependent child's sole financial interest or responsibility, and

(B) That the reporting individual has no specific knowledge of,

(ii) Which are not in any way, past or present, derived from or related to the income, assets or activities of the reporting individual, and

(iii) From which the reporting individual neither derives, nor expects to derive, any financial or economic benefit.

Example (1): The spouse of a reporting individual has acquired some securities from money earned in a part-time job. The securities have been set aside to provide funds to contribute to the cost of a grandchild's education. The reporting individual is not familiar with the holdings. Therefore, because the grandchild's education is not a legal obligation of the reporting individual, the securities are not reportable under the rules of this paragraph (b)(4).

(c) *Trusts and estates.* Each report required by the provisions of this subpart shall include the information otherwise required by these provisions, about the holdings of and the income from any trust or other financial arrangement—

(1) From which income is received by, or

(2) With respect to which a beneficial interest in principal or income is held by,

the reporting individual, spouse, or any dependent child. Notwithstanding the preceding sentence, no information is required about a non-vested beneficial interest in the principal of an estate and, in the case of a trust referred to in § 734.402(a), only the information described in § 734.402(b) shall be reported. Since the proper application of the rules of section 202(f)(1) of the Act and paragraph (c)(2) of this section depends on all the facts and circumstances of the particular case, reporting individuals or their representatives should consult with Office of Government Ethics staff to determine the proper treatment of any non-vested beneficial interest in the principal of a trust or other financial arrangement.

(d) *Divorce and separation.* Notwithstanding any other provision of this subpart, a reporting individual shall not be required to report any information about:

(1) A spouse living separate and apart from the individual with the intention of terminating the marriage or providing for permanent separation,

(2) A former spouse or a spouse from whom the individual is permanently separated, or

(3) Any income or obligations of the individual arising from the dissolution of his or her marriage or the perma-

nent separation from his or her spouse.

(e) *Political campaign funds.* Political campaign funds, including campaign receipts and expenditures, need not be included in any report filed under this part.

(f) *Gifts received when not in Government employment.* In the case of a reporting individual to whom the provisions of § 734.201(a) or (e) apply, the report need not contain any information about gifts and reimbursements to which the provisions of § 734.301(c) would otherwise apply, which are received during a period in which the reporting individual was not an officer or employee of the Federal Government.

(g) *Special rule in the case of certain gifts*—(1) *In general.* In unusual cases, a gift as defined in § 734.105(f) need not be aggregated under § 734.301(c), if the Director, Office of Government Ethics, determines:

(i) That the basis of the relationship between the grantor and grantee and the motivation for the gift are purely personal, and

(ii) That no countervailing public purpose requires public disclosure of the nature, source, and value.

In the event of any such determination, the waiver request and the grant of waiver shall be subject to the public disclosure requirements of § 734.603.

(2) *Procedure.* An individual seeking an exemption under this section shall file a request with the Office of Government Ethics which sets forth:

(i) The identity and occupation of the donor;

(ii) A statement that the relationship between the donor and the reporting individual is purely personal in nature; and

(iii) A statement that neither the donor nor any person or organization for whom the donor actually works or serves as a representative conducts business with, or is subject to regulation by, or is directly affected by action taken by, the agency which employs the reporting individual.

In the event that the immediately preceding statement cannot be made without qualification, the reporting individual may indicate those qualifications along with a statement demonstrating that he or she plays no role in any official action which might directly affect the donor or any organization for which the donor works or serves as a representative.

§ 734.304 Property categories.

(a) The valuation categories specified for property items are as follows:

(1) Not more than $5,000;

(2) Greater than $5,000 but not more than $15,000;

(3) Greater than $15,000 but not more than $50,000;

(4) Greater than $50,000 but not more than $100,000;

(5) Greater than $100,000 but not more than $250,000; and

(6) Greater than $250,000.

Subpart D—Trusts

§ 734.401 Qualified trusts; general considerations.

(a) *In general.* (1) Prior to enactment of the Act's qualified trust provisions, there was no accepted definition of a properly formulated blind trust. However, there was general agreement that the use of blind trusts frequently could ameliorate potential conflict of interest situations. An underlying concept is that if a Government official does not know the identity of his or her financial interests, his or her official actions should not be subject to collateral attack by questions of conflict of interest or the appearance of such a conflict. In other words if the Government official does not know what he or she owns, it is impossible for him or her intentionally to take actions to benefit specifically his or her own personal interests. Therefore, the general public policy goal to be achieved through the use of blind trusts is an actual "blindness" or lack of knowledge by the Government official with respect to the holdings held in trust. In unusual cases, this goal may be deemed to have been achieved with respect to an official appointed to a position by the President, by and with the advice and consent of the Senate, where there is a general dispersion of securities held in trust among individual entities and economic sectors under circumstances in

which it is unlikely that official actions taken by him or her will affect individual holdings to such a degree that the overall value of the entire portfolio will be materially enhanced. The result of wide diversification under the conditions prescribed is considered tantamount to actual blindness.

(2) Trusts certified under the provisions of this Subpart D are not subject to the general rules of Subpart C of this part, which normally require the public financial disclosure report of a reporting individual to indicate the contents of a trust's portfolio. Further, as described in paragraph (b)(3) of this section, in the case of trusts which are certified, the normal application of 18 U.S.C. 208 and other Federal conflict of interest laws is ameliorated by the Act in accordance with the concepts discussed in paragraph (a)(1) of this section.

(b) *Nature of qualified trusts.* The public policy concerns and objectives indicated in paragraph (a) of this section are fulfilled by the major requirements of this subpart as described in this paragraph (b). The Office of Government Ethics will apply the standards of this subpart to specific cases.

(1) *A truly independent trustee.* Under § 734.406, the individual or institution in charge of a qualified trust, and therefore of investing the assets of the trust, must be independent of the Government official in reality and appearance. The trustee must not be subject to control or influence in the administration of the trust by any interested party: the official, his or her spouse, or dependent children. Permissible trustees are limited to members of professional groups with standards of conduct governing their actions as fiduciaries (financial institutions, attorneys, accountants, investment advisers and brokers). The trustee cannot be a relative, employee, or business partner of the official, spouse, or dependent children.

(2) *A trust document meeting certain minimum standards.* Under § 734.404, regarding qualified diversified trusts, the trust document must, except for limited exceptions, expressly prohibit communications between the trustee and the Government official, and other interested parties, regarding the trust's holdings and activities. The trustee must be empowered to make investment decisions independent of any consultation with or control by the interested parties. Generally, communications about the trust between the interested parties and the trustee must be in writing. Copies of all written communications must be filed with the Office of Government Ethics. The trust document must also provide that the interested parties will not attempt to obtain information about the trust holdings and activities except as specifically provided therein.

(3) *Relationship to conflict of interest laws*—(i) *Qualified blind trusts.* In the case of a qualified blind trust (§ 734.403), an asset placed in trust by an interested party is considered a financial interest of the Government official for the purposes of 18 U.S.C. 208 and any other conflict of interest statutes or regulations of the Federal Government until the party is notified by the trustee that the asset has been disposed of, or has a value of less than $1,000. Thus, the trust is considered blind only as to assets subsequently purchased by the trustee. The interested parties will have no knowledge of the trustee's acquisitions, and thus the Government official and the other interested parties will be truly blind with respect to these holdings.

(ii) *Qualified diversified trusts.* In the case of a qualified diversified trust (§ 734.404), the trust's holdings are not deemed financial interests of the Government official for purposes of 18 U.S.C. 208 or any other Federal conflict of interest law. This type of trust may only be utilized by an official appointed by the President, by and with the advice and consent of the Senate. It must be established to the satisfaction of the Director, Office of Government Ethics, under § 734.404(b), that the assets of a diversified trust proposed for qualification consist of a well-diversified portfolio of readily marketable securities. None of the assets initially placed in the trust may consist of securities of issuers having substantial activities related to the reporting individual's primary area of responsibility.

(4) *Relationship to Subpart C reporting requirements.* Qualified trusts are not subject to the normally applicable reporting requirements of Subpart C of this part. The less inclusive rules of § 734.402(b) are applied with respect to qualified trusts pursuant to the Act.

(5) *Prior approval of trust document and assets placed in the trust.* Before a trust can be certified, every proposed trust document (see § 734.405) and proposed trustee (see § 734.406) must be approved by the Office of Government Ethics. This is essential so that the Office can ensure in advance that the proposed trust arrangement satisfies the letter and spirit of the established standards. Model qualified trust instruments are available from the Office to attorneys for their use in drafting trust agreements to be proposed for qualification.

(6) *Effective sanctions and enforcement.* Under the provisions of Subpart G of this part, civil and criminal sanctions are provided for any Government official or trustee who violates his or her obligation under a qualified trust. In addition, the Office of Government Ethics has authority under the Act to impose appropriate administrative or other sanctions.

(c) *Certification of pre-existing trusts.* Normally, trusts certified by the Director, Office of Government Ethics, under § 734.405 are newly created trust arrangements formulated by representatives of the interested parties in consultation with the staff of the Office to meet the established standards. However, in a case where the Director determines that such action is appropriate to assure compliance with applicable laws and regulations, an existing trust may be proposed for certification as a qualified blind trust or qualified diversified trust under the provisions of § 734.403 or § 734.404. In addition to the normally applicable rules of this Subpart D, there are other considerations that pertain in the case of pre-existing trusts. Interested parties and their representatives are invited to contact the Office of Government Ethics for further information.

[45 FR 69777, Oct. 21, 1980; 45 FR 83472, Dec. 19, 1980, as amended at 50 FR 1203, Jan. 10, 1985]

§ 734.402 Special rules in the case of certain trusts.

(a) *In general.* Notwithstanding the provisions of Subpart C of this part, a reporting individual need not, except as otherwise provided in this subpart, report the holdings of or the source of income from any of the holdings of:

(1) Any qualified blind trust, as defined in § 734.403,

(2) Any qualified diversified trust, as defined in § 734.404, or

(3) Any "excepted trust," one:

(i) Which was not created directly by the individual, his or her spouse, or any dependent child, and

(ii) The holdings or sources of income of which the individual, his or her spouse, and any dependent child have no knowledge.

(b) *Subpart C reporting requirements*—(1) *Income.* In the case of a trust referred to in paragraph (a) of this section except for a qualified diversified trust, a reporting individual shall report the category of the aggregate amount of the trust's income attributable to the beneficial interest in the trust of the individual, his or her spouse, or any dependent child under the rules of Subpart C of this part. In the case of a qualified diversified trust, only amounts actually received in respect of such a trust by the individual, his or her spouse, or any dependent child, or applied for the benefit of any such interested party, shall be deemed income derived from the trust for purposes of this part.

(2) *Holdings and sources of income.* In the case of a trust referred to in:

(i) Paragraph (a)(1) or (a)(2) of this section, no report under Subpart C of this part on holdings and sources of income is required, or

(ii) Paragraph (a)(3) of this section, holdings and sources of income shall be reported under the rules of Subpart C of this part only to the extent that the reporting individual has reasonably specific knowledge of the holdings and sources of income.

Example (1): A reporting individual, *R*, is the beneficiary of a family trust created by his grandfather. *R*—(i) has never seen the trust instrument, (ii) receives a monthly payment of $500 from the trustee, and (iii) has been told by his grandfather that the

trust assets include large holdings of Canadian mining stock. *R* does not have any further specific knowledge about the trust and its holdings, and the grandfather and trustee have declined to provide further information. This trust would be considered by the Office of Government Ethics to be an excepted trust described in paragraph (a)(3) of this section. *R* is obligated to report $6,000 as income from the trust in his annual financial disclosure report filed under Subpart C, and under § 734.301(d) he would report that he is a beneficiary of an excepted trust which he believes to have Canadian mining stock among its holdings.

Example (2): During 1979, the trustee of reporting individual *M*'s qualified diversified trust makes payments as follows:

(i) A monthly distribution of $1,000 to *M* as specified in the trust instrument,

(ii) $4,000 to *M*'s wife for medical expenses pursuant to the trustee's discretion under the terms of the trust instrument, and

(iii) $2,500 to *M*'s son for educational expenses pursuant to the trust instrument.

For 1979, $18,500 is deemed to be the income derived from the trust and should be reported under Subpart C of this part; notwithstanding, that the actual income attributable to the interests of *M*, his spouse, and dependent children in the qualified diversified trust might be a greater amount. The actual amount must be kept confidential by the trustee and, under § 734.404, not revealed to the interested parties.

Example (3): Note that $18,500 would be the income deemed to have been derived from the qualified diversified trust in *Example (2)*, even if the actual income attributable to the interests of the interested parties was less than $18,500 or even if the trust had a net loss for the year.

§ 734.403 Qualified blind trusts.

(a) *Definition.* For purposes of § 734.402, the term "qualified blind trust" means a trust certified by the Director, Office of Government Ethics, under § 734.405 which includes the provisions described in paragraph (b) of this section and has an independent trustee (as defined in § 734.406). See section 202(f)(3) of the Act.

(b) *Required provisions.* The trust instrument which establishes a trust to which this section applies must provide that—

(1) The trustee in the exercise of his or her authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(2) The trust shall not contain any asset the holding of which by an interested party is prohibited by any law or regulation;

(3) The trustee shall notify promptly the reporting individual and the Director, Office of Government Ethics, when any particular asset transferred to the trust by any interested party has been completely disposed of or when the value of that asset becomes less than $1,000;

(4) The trust tax return shall be prepared by the trustee or his or her designee, and the return and any information relating thereto, other than the trust income summarized in appropriate categories necessary to complete an interested party's tax return, shall not be disclosed publicly or to any interested party;

(5) An interested party shall not receive any report on the holdings and sources of income of the trust, except that the trustee shall—

(i) Make quarterly reports of the aggregate market value of the assets representing the interested party's interest in the trust,

(ii) Report the net income or loss of the trust and make any other reports necessary to enable the interested party to complete an individual tax return required by law, and

(iii) Provide the information described in § 734.402(b) (relating to reporting of income);

(6) Except for communications which consist solely of requests for distributions from the trust, which shall not specify whether any such distribution shall be made in cash or in kind, there shall be no direct or indirect communication between the trustee and an interested party about the trust unless the communication is in writing and unless it relates only:

(i) To the general financial interest and needs of the interested party including, but not limited to, an interest in maximizing income or long-term capital gain,

(ii) To the notification of the trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an aset, which notification directs that the asset not be held by the trust, or

(iii) To directions to the trustee to sell all of an asset initially placed in the trust by an interested party which in the determination of the reporting individual creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the reporting individual but nothing in the trust instrument shall require any such direction;

(7) The interested parties shall not take any action to obtain, and shall take appropriate action to avoid receiving, information about the holdings of, and the sources of income of, the trust, including obtaining a copy of any trust tax return filed by the trustee or any information relating thereto, except for the reports and information specified in paragraph (b)(5) of this section; and

(8) The trustee and any other person designated in the trust instrument as an investment adviser shall fulfill the filing requirements of § 734.407(b) and (c).

Example (1)

(A) Professionals employed by the trustee to prepare the trust tax return should be cautioned against sending informational copies to any interested party, and

(B) An interested party who inadvertently receives in the mail a broker's confirmation of a transaction for the trust should send the confirmation to the trustee with an accompanying letter instructing the trustee to take steps to assure that the party will not receive such confirmations in the future (a copy of such a letter must be sent to the Office of Government Ethics pursuant to § 734.407(c)).

Paragraph (b)(7) of this section prohibits any activity by interested parties to obtain, directly or indirectly, any information which under the rules of this section is precluded from interested parties. The paragraph also specifically prohibits the passive receipt of precluded information by interested parties. Accordingly, interested parties and trustees, their staffs, and professionals who may be employed by them are required to exercise a high degree of diligence to safeguard against inadvertent disclosure of precluded information to the interested parties.

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1303, Jan. 10, 1985]

§ 734.404 Qualified diversified trusts.

(a) *Definition.* For purposes of § 734.402, the term "qualified diversified trust" means a trust certified by the Director, Office of Government Ethics, under § 734.405 which has a portfolio as specified in paragraph (b) of this section, includes the provisions described in paragraph (c) of this section, and has an independent trustee (as defined in § 734.406). This certification may be granted only in the case of individuals described in paragraph (e) of this section. See section 202(f)(4)(B) of the Act.

(b) *Required portfolio*—(1) *In general.* It must be established to the satisfaction of the Director, Office of Government Ethics, that the assets of the trust proposed for qualification consist of a well-diversified portfolio of readily marketable securities. Accordingly, the reporting individual, or a representative of the individual, shall provide the Director with a detailed listing of the securities proposed for inclusion in the portfolio, specifying their market values and demonstrating that the requirements of this paragraph (b) have been met. None of the assets initially placed in the trust may consist of securities of issuers having substantial activities related to the reporting individual's primary area of responsibility. No limitations are established under this paragraph with respect to—

(i) Cash, or

(ii) Debt instruments issued by the United States or its non-corporate instrumentalities.

(2) *Well-diversified*—(i) *Portfolios which exceed $250,000.* In the case of a trust which has assets with a total market value which exceeds $250,000, the portfolio will be deemed well-diversified for purposes of this section, unless the trust holds—

(A) Securities of any issuer which have a market value which exceeds twenty percent of the total market value of the portfolio, or

(B) Securities substantially related to any industry or economic sector which have a market value which exceeds thirty percent of the total market value of the portfolio.

Notwithstanding the preceding sentence, the Office of Government Ethics may authorize limited deviations from the standards of this paragraph (b)(2)(i) with respect to the holdings initially transferred to the trust in cases where, under all the facts and circumstances, the Office determines that overall portfolio balance has been achieved.

Example (1): In unusual circumstances involving a divorce settlement, the proposed initial portfolio of a trust with a total market value of $350,000 is determined by the Office of Government Ethics to have overall balance and is deemed well-diversified even though securities of three utilities represent 32 percent of the portfolio's total market value and the securities of one bank represent 23 percent. However, the trustee may not purchase additional utility or bank securities while the percentages of portfolio market value they represent continue to exceed the standards of paragraph (b)(2)(i) of this section.

(ii) *Portfolios which do not exceed $250,000.* The Office of Government Ethics recognizes that it is impractical in the case of smaller trusts to expect the same quantitative diversification with respect to initial holdings that is required in the case of larger trusts. Consequently, in the case of a trust which has assets with a total market value which does not exceed $250,000, the Office may authorize a lesser degree of diversification than the standards of paragraph (b)(2)(i) of this section with respect to the holdings initially transferred to the trust in cases where, under all the facts and circumstances, the Office determines that overall portfolio balance has been achieved.

Example (1): A proposed initial portfolio with a total market value of $100,000 contains four listed securities, each representing a different industry or economic sector. Two of the securities each have a market value of $24,000, and the other two securities each have a market valueof $26,000. The portfolio will be deemed to be well-diversified.

(iii) *Consultation.* Interested parties and their representatives are invited to consult with the Office of Government Ethics on the question of whether overall portfolio balance has been achieved in particular cases.

(3) *Readily marketable.* A security will be deemed readily marketable, for purposes of this section, if:

(i) Daily price quotations for the security appear regularly in newspapers of general circulation, such as the Wall Street Journal, New York Times, and Washington Post, and

(ii) The trust holds the security in a quantity which does not unduly impair liquidity.

(c) *Required provisions.* The trust instrument which establishes a trust to which this section applies must provide that:

(1) The trustee in the exercise of his or her authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(2) The trustee shall not acquire any securities in excess of the diversification standards of paragraph (b)(2)(i) of this section;

(3) The trustee shall not disclose publicly or to any interested party information as to the acquisition, retention, or disposition of any particular securities;

(4) The trust tax return shall be prepared by the trustee or his delegate, and such return and any information relating thereto shall not be disclosed to the public or to any interested party;

(5) An interested party shall not receive any report on the holdings and sources of income of the trust; except that the trustee shall:

(i) Make quarterly reports of the aggregate market value of the assets representing such interested party's interest in the trust, and

(ii) Provide the information described in § 734.402(b) (relating to reporting of income);

(6) Except for communications which consist solely of requests for distributions from the trust, which shall not specify whether any such distribution shall be made in cash or in kind, there shall be no direct or indirect communication between the trustee and an interested party about the trust unless the communication is in writing and unless it relates only—

(i) To the general financial interest and needs of the interested party (including, but not limited to, an interest

in maximizing income or long-term capital gain), or

(ii) To information, documents, and funds provided by, or needed from, the interested party to effectuate the provisions of paragraph (d) of this section;

(7) The interested parties shall not take any action to obtain, and shall take appropriate action to avoid receiving, information about the holdings of, and the sources and amounts of income of the trust including obtaining a copy of any trust or personal tax return filed by the trustee or any information relating thereto, except for the reports and information specified in paragraph (c)(5) of this section; and

(8) The trustee and any other person designated in the trust instrument as an investment adviser shall fulfill the filing requirements of § 734.407(b) and (c).

With respect to paragraph (c)(7) of this section, see *Example (1)* following § 734.403(b).

(d) *Personal income tax returns.* In the case of a trust to which this section applies, the trustee shall be given power of attorney to prepare, and shall file, on behalf of any interested party, the personal income tax returns and similar returns which may contain information about the trust. Appropriate Internal Revenue Service power of attorney forms shall be used for this purpose. Communications regarding decisions such as whether to file joint or separate returns, the portions of a tax obligation to be borne by each spouse, the amounts and timing of tax payments, and the sources of funds therefor, shall be subject to paragraph (c)(6)(ii) of this section.

(e) *Applicability.* The provisions of this section shall be applicable only in the case of a trust created for the benefit of a reporting individual appointed to his or her office by the President, by and with the consent of the Senate, or the spouse or dependent child of such a person. In the case of a reporting individual whose nomination is before a Senate committee, the individual must inform the Committee of his or her intention to establish a qualified diversified trust at the time his or her financial disclosure report is filed with the Committee. This notification is not required of a reporting individual who is already in office. This section is not applicable in the case of members of the uniformed services or foreign service officers in the State Department.

[45 FR 69777, Oct. 21, 1980; 45 FR 83472, Dec. 19, 1980; 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.405 Certification of trusts proposed for qualification; other matters.

(a) *General rule.* In any case in which an interested party desires to have a trust certified as a qualified blind trust or qualified diversified trust under the provisions of § 734.403 or § 734.404, respectively, the party or his or her representative should consult with the Director, Office of Government Ethics (or his or her delegate), as to the appropriateness of and requirements for certification in the particular case. In order to assure timely trust certification, the interested party shall be responsible for the expeditious submission to the Office of all required documents and responses to requests for information. A trust will be certified by:

(1) The Director in the case of a qualified blind trust, or

(2) The Director in concurrence with the Attorney General in the case of a qualified diversified trust,

only if it is established to the Director's satisfaction that the requirements of section 202 of the Act and this subpart have been met and that certification in the case is consistent with the policies established by those provisions and other applicable laws and regulations. Certification shall be indicated by a letter from the Director to the interested party or his or her representative. Certification of a trust may be revoked by the Director at any time, if in his or her sole discretion, he or she determines that continued certification is no longer justified. The terms of a qualified trust are normally irrevocable. The terms may not be amended, except with the prior written approval of the Director upon a showing of necessity and appropriateness.

(b) *Absence of control by interested party.* Except as expressly approved by the Director, Office of Government Ethics, in the case of a trust proposed for certification under the provisions of § 734.403, any asset transferred to a trust under this subpart shall be free of any restriction on its transfer or sale. Accordingly, in the case of interests in tax shelters, partnerships, and close corporations, the interested party shall demonstrate to the satisfaction of the Director that, under all the facts and circumstances, the interests are free of any restriction with respect to their transfer or sale.

(c) *Interested party, defined.* For purposes of this subpart, the term "interested party" means a reporting individual, the spouse, and any dependent child in a case in which the individual, spouse, or dependent child has a beneficial interest in the principal or income of a trust proposed for certification.

(d) *Restrictions applicable to trustees.* The trustee of a qualified blind trust or qualified diversified trust shall not knowingly or negligently:

(1) Disclose any information to an interested party with respect to the trust that may not be disclosed under any provision or requirement of this subpart,

(2) Acquire any holding:

(i) Directly from an interested party without the prior written approval of the Director, or

(ii) The ownership of which is prohibited by, or not in accordance with the terms of, the trust instrument,

(3) Solicit advice from any interested party with respect to such trust, which solicitation is prohibited by any provision or requirement of this subpart or the trust instrument, or

(4) Fail to file any document required by this subpart.

(e) *Restrictions applicable to reporting individuals.* In the case of a qualified blind trust or qualified diversified trust, a reporting individual shall not knowingly or negligently:

(1) Solicit or receive any information about the trust that may not be disclosed under any provision or requirement of this subpart, or

(2) Fail to file any document required by this subpart.

[45 FR 69777, Oct. 21, 1980; 45 FR 83472, Dec. 19, 1980]

§ 734.406 Independent trustee, defined.

(a) *General rule.* For purposes of this subpart, the term "independent trustee" shall include any person referred to in paragraph (b) of this section who, under all the facts and circumstances, is determined by the Director, Office of Government Ethics, in his or her sole discretion, to be independent of any interested party with respect to a trust proposed for qualification under this subpart. The Director shall indicate his or her approval of a proposed trustee, and of any person in addition to a party to the trust designated in the trust instrument as an investment adviser, by his or her signature on properly executed Certificates of Independence submitted to the Office of Government Ethics in the form prescribed by Appendix A of this part. Approval of a trustee may be revoked by the Director at any time, if, in his or her sole discretion, he or she determines that continued approval is no longer justified.

(b) *Eligible person.* A person, to be eligible to serve as a trustee under this section, must be:

(1) A financial institution, which is a "bank" as defined in 15 U.S.C. 80b-2(a)(2);

(2) An attorney, who is admitted to practice before the highest court of any jurisdiction;

(3) A certified public accountant;

(4) A "broker", as defined in 15 U.S.C. 78c(a)(4); or

(5) An "investment adviser", who is a person as defined in 15 U.S.C. 80b-2(a)(11) or who demonstrates to the satisfaction of the Director general involvement in his or her role as such an adviser in the management or control of trusts.

(c) *Requirements.* No eligible person shall be determined to be independent under this section unless that person, or any officer or employee thereof, involved or to be involved in the management or control of the trust:

(1) Is independent of and unassociated with any interested party so that that person cannot be controlled or in-

fluenced in the administration of the trust by any interested party,

(2) Is not or has not been an employee of an interested party, or any organization affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party, and

(3) Is not a relative of any interested party.

Accordingly, an otherwise eligible person who shares in a business enterprise or other undertaking with any interested party shall not be deemed to be independent under the rules of this paragraph (c).

Example (1). Reporting individual *R* terminates his partnership in a law firm upon nomination to a full-time government position. *R* wishes to have *T*, a partner in *R's* former firm, serve as his trustee. *T* may serve as *R's* trustee.

Example (2). In *Example (1)*, *T* would have been precluded from serving as *R's* trustee if additionally:

(i) They both serve on the board of a local bank,

(ii) They are each limited partners in a tax shelter or operating business venture, or

(iii) Their spouses jointly operate a commercial venture.

Example (3). In Example (1), *T* would not have been precluded from serving as *R's* trustee if additionally:

(i) They both serve on a committee of their country club,

(ii) They each bought XYZ Corp. listed stock, after it was discussed by them during a golf weekend several months ago, or

(iii) *R* had purchased an office building from *T*.

§ 734.407 Special filing requirement in the case of qualified trusts.

(a) *Reporting individuals.* In the case of any qualified blind trust or qualified diversified trust, the reporting individual shall:

(1) *Execution.* Within thirty days after the trust is certified under § 734.405(a) by the Director, Office of Government Ethics, file with the Director a copy of:

(i) The executed trust instrument of the trust, and

(ii) A list of the assets which were transferred to the trust, categorized as to value in accordance with § 734.304.

The provisions of any trust filed with the Director under this paragraph which relate to the testamentary disposition of the trust assets need not be reported. If reported, the provisions shall not be subject to public disclosure.

(2) *Transfer of assets.* Within thirty days of transferring an asset, other than cash, to the trust, file a report with the Director, Office of Government Ethics, which shall briefly describe each asset, categorized as to value in accordance with § 734.304.

(3) *Dissolution.* Within thirty days of the dissolution of the trust—

(i) File a report of the dissolution with the Director, Office of Government Ethics, and

(ii) File with the Director, a list of assets of the trust at the time of the dissolution, categorized as to value in accordance with § 734.304.

Any document filed under the requirements of this paragraph shall be subject to the public disclosure requirements of § 734.602.

(b) *Trustees.* The trustee of a qualified blind trust or qualified diversified trust, and any person in addition to a party to the trust designated in the trust instrument as an investment adviser, shall file with the Director, Office of Government Ethics, by the May 15 following any calender year during which the trust was in existence a properly executed Certificate of Compliance in the form prescribed by Appendix B of this part. In addition, the trustee shall maintain and make available for inspection by the Office of Government Ethics, as it may from time to time direct, the trust's books of account and other records and copies of the trust's tax returns for each taxable year of the trust. Any document (and the information contained therein) inspected under the requirements of this paragraph (other than a Certificate of Compliance) shall not be subject to the public disclosure requirements of § 734.602, and shall not be disclosed to any interested party.

(c) *Written communications.* In the case of any written communication with respect to a qualified blind trust or qualified diversified trust, which is described in § 734.403(b)(6) or § 734.404(c)(6), respectively, a copy of the communication shall, within five days of its date, be filed by the person initiating the communication with the Director, Office of Government Ethics. In the case of a qualified diversified trust, notwithstanding the preceding sentence, written communications not described in the third sentence of § 734.404(d) which consist entirely of reports from interested parties of their transactions and occurrences unrelated to the trust made to the trustee to effectuate the provisions of that section shall (in lieu of being filed with the Director) be retained by the trustee and are subject to inspection under paragraph (b) of this section.

§ 734.408 Effective date.

The provisions of this subpart shall be applicable to trusts certified as approved qualified blind trusts or qualified diversified trusts after October 26, 1978. In the case of a trust certified prior to November 1, 1980, notwithstanding the preceding sentence, the Director of the Office of Government Ethics may exempt the trust from specific provisions of this part if he or she determines, upon application of the trustee or any interested party, that exemption is necessary and appropriate to avoid impracticality or undue hardship.

Subpart E—Special Provisions

§ 734.501 Outside earned income.

(a) *Limitation.* All reporting individuals:

(1) Who occupy full-time positions in the Executive Branch, appointment to which is made by the President by and with the consent of the Senate, and who are compensated at a rate of pay specified for GS–16 or above of the General Schedule prescribed by 5 U.S.C. 5332, or

(2) Who are employees of the White House Office and are compensated at a rate equivalent to level II of the Executive Schedule under 5 U.S.C. 5313,

may not have in any calendar year outside earned income attributable to that calendar year which is in excess of 15 percent of that compensation.

(b) *Defined.* For the purposes of this section, the term "outside earned income" means wages, salaries, commissions, professional fees and other compensation received for personal services actually rendered, other than for services for the United States Government described in paragraph (a) of this section. Income received

(1) By an inactive partner, or

(2) From investments with respect to which the personal services of the reporting individual are not a material factor,

shall not be deemed outside earned income for purposes of this section. The term does not include amounts received during a period in which the reporting individual was not employed as specified by paragraph (a) of this section for personal services actually rendered during the period.

(c) *Other employment limitations.* The provisions of this section shall not preclude the application of limitations on outside employment which may be imposed on employees of a particular agency.

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33116, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.502 Waivers.

(a) With respect to reporting requirements: Section 201(l) of the Act authorizes the Director to grant a waiver for officers and employees if they have served fewer than 130 days in a calendar year. For the rules relating to this waiver, see § 734.205.

(b) With respect to gifts: Section 202(a)(2)(D) of the Act authorizes the Director to grant a waiver in an unusual case with respect to the necessity for aggregating gifts. For the rules relating to this waiver, see § 734.303(g).

Subpart F—Procedure

§ 734.601 Report forms.

The Office of Government Ethics makes available standard forms for re-

porting the information required by this part.

§ 734.602 Filing of reports.

(a) Except as otherwise provided in this section, a reporting individual shall file the report required under this part with the designated agency ethics official at the agency in which the individual:

(1) Is serving,

(2) Served prior to termination of employment, or

(3) Will serve.

The designated agency ethics official shall note on any report or supplemental report the date it is received.

(b) The President and Vice President shall file their reports with the Director of the Office of Government Ethics.

(c) Each agency shall transmit to the Director, Office of Government Ethics, copies of the reports required to be filed by:

(1) The Postmaster General,

(2) The Deputy Postmaster General,

(3) The governors of the Board of Governors of the United States Postal Service,

(4) Designated agency ethics officials,

(5) Employees of the White House Office who are described in 3 U.S.C. 105(a)(2)(A) or (B); employees of the Office of Vice President who are described in 3 U.S.C. 106(a)(1) (A) or (B), and employees of the Domestic Policy Staff and Office of Administration (agencies in the Executive Office of the President) who are described in 3 U.S.C. 107(a)(1)(A) or (b)(1)(A)(i),

(6) Candidates for the office of President or Vice President, and

(7) Officers and employees in, and nominees to, offices or positions which require confirmation by the Senate other than those required of members of the unformed services.

Prior to transmitting a copy of the report to the Director, the agency shall, except in the case of the designated agency ethics official's report, which shall be reviewed by the head of the agency (or his or her delegate), review the report in accordance with § 734.604(b). The Director shall forward a copy of the report of each nominee to the Senate committee considering the nomination. (See § 734.604(c) for procedures regarding the review of such reports.)

(d) The Director shall file his or her report in the Office of Government Ethics. Upon receipt, the report will be made immediately available to the public in accordance with this part.

(e) Candidates for President and Vice President identified in § 734.201(d), other than an incumbent President or Vice President, shall file their reports with the Federal Election Commission which in turn shall send copies of such reports to the Office of Government Ethics pursuant to paragraph (c) of this section.

(f) Members of the uniformed services identified in § 734.202(c), shall file their reports with the Secretary concerned.

[45 FR 69777, Oct. 21, 1980, as amended at 49 FR 33117, Aug. 21, 1984; 50 FR 1203, Jan. 10, 1985]

§ 734.603 Custody of and public access to reports.

(a) Each agency shall make each report filed with it under this part available to the public in accordance with the provisions of this section, together with a copy of the official position description of the Government office or position held by the reporting individual involved, if available.

(b) This section does not require public availability of the report filed by any individual in:

(1) The Central Intelligence Agency,

(2) The Defense Intelligence Agency,

(3) The National Security Agency, or

(4) Any individual engaged in intelligence activities in any agency of the United States,

if the President finds that, due to the nature of the office or position occupied by the individual, public disclosure of the report would, by revealing the identity of the individual or other sensitive information, compromise the national interest of the United States. These individuals may be authorized, notwithstanding § 734.701(a), to file any additional reports necessary to protect their identity from public disclosure if the President first finds that such filings are necessary in the national interest.

(c) Each agency shall, within fifteen days after any report is actually received by the agency, permit inspection of the report by, or furnish a copy of the report to, any person who makes a written application stating:

(1) The person's name, occupation and address,

(2) The name and address of any other person or organization on whose behalf the inspection or copy is requested, and

(3) That the person is aware of the prohibitions on the obtaining or use of the report, as set forth in paragraph (e) of this section.

The application shall be made available to the public throughout the period during which the report itself is made available to the public. The reviewing officials and the support staffs who maintain the files, the staff of the Office of Government Ethics, and Special Agents of the Federal Bureau of Investigation who are conducting a criminal inquiry into possible conflict of interest violations need not submit the application provided for by this paragraph.

(d) The agency may require a reasonable fee, established by appropriate agency regulation, to recover the direct cost of reproduction or mailing of such report, excluding any salary of any employee involved in such process. A copy of the report may be furnished without charge or at a reduced charge if the agency determines that waiver or reduction of the fee is in the public interest. The criteria used by an agency to determine when a fee will be reduced or waived shall be established by an appropriate regulation.

(e) It is unlawful for any person to obtain or use a report—

(1) For any unlawful purpose;

(2) For any commercial purpose, other than by news and communications media for dissemination to the general public;

(3) For determining or establishing the credit rating of any individual; or

(4) For use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

Example (1): The deputy general counsel of an agency as its reviewing official (see § 734.105(n)) is responsible for reviewing the public financial disclosures filed by officials within that agency. The personnel director for that agency, not exercising functions within the ethics program, wishes to review the disclosure of an individual within the agency. The personnel director must file an application to review the disclosure. However, the supervisor of an official with whom the deputy general counsel consults with respect to matters arising in the review process need not file such an application.

Example (2): A state law enforcement agent is conducting an investigation which involves the private financial dealings of an individual who has filed a public disclosure. The agent must complete a written application in order to review or obtain a copy of the statement.

Example (3): A copy of a report is obtained by a reporter for use in a general newspaper article. This copy is seen on the reporter's desk by an editor who is in charge of a local charity drive. The editor observes that the reporting individual owns a business in his community and sends a personal note to the individual referring to the business and soliciting a contribution for the charity. This use is prohibited.

Example (4): A financial institution has received an application for a loan from an official indicating her present financial status. The official has filed a public financial disclosure with her agency. The financial institution cannot review the disclosure for purposes of checking the information contained on the report against that which appears on the application.

(f)(1) Any report filed with an agency, or transmitted to the Director, Office of Government Ethics, under this section, shall be retained by the agency or the Office of Government Ethics, or both, as the case may be. The report shall be made available to the public for a period of six years after receipt of the report. After the six-year period the report shall be destroyed unless needed in an ongoing investigation, except that in the case of an individual who filed the report under § 734.201(c) and was not subsequently confirmed by the Senate, or who filed the report under § 734.201(d) and was not subsequently elected, the report shall be destroyed one year after the individual either is no longer under consideration by the Senate or is no longer a candidate for nomination or election to the Office of President or Vice President.

(2) For purposes of paragraph (f)(1) of this section, in the case of a reporting individual with respect to whom a

trust has been certified under Subpart D of this part, a copy of the qualified trust agreement, the list of assets initially placed in the trust, and all other publicly available documents relating to the trust shall be retained until the periods for retention of all other reports on the individual have lapsed under paragraph (f)(1) of this section.

§ 734.604 Review of reports.

(a) *In general.* Reports shall be reviewed by the appropriate reviewing official within 60 days after the date of filing. Reports reviewed by the Director, Office of Government Ethics, shall be reviewed within 60 days from the date each report was transmitted by the agency to OGE.

(b) *Responsibilites of reviewing officials*—(1) *Initial review.* The reviewing official shall review each report to determine to his or her satisfaction that:

(i) Each item is completed, and

(ii) No interest or position disclosed on the form violates or appears to violate:

(A) Any applicable provision of Chapter 11 of 18 U.S.C. Part 1,

(B) The Ethics in Government Act of 1978, as amended, and the regulations promulgated thereunder,

(C) Executive Order 11222 and applicable regulations promulgated thereunder, or

(D) Any other statute or regulation applicable to the employees of the reviewing official's agency.

The reviewing official shall not sign and date the report until that determination is made. A reviewing official need not audit the report to ascertain whether the disclosures are correct; disclosures are to be taken at "face value" unless there is a patent omission or ambiguity or the official has independent knowledge of matters outside the report. A report which is signed by a reviewing official, however, shall signify that the agency in which the reporting individual serves has found that the information contained in the report discloses no conflict of interest under applicable laws and regulations and that the report fulfills the requirements of this paragraph (b)(1).

(2) *Requests for additional information.* If the reviewing official believes that additional information is required, the official shall request this information indicating a date by which the information must be submitted. This additional information shall be made a part of the report.

(3) *Review on basis of additional information.* If the reviewing official concludes on the basis of the information disclosed in the report and any additional information required under paragraph (b)(2) of this section that:

(i) The report fulfills the requirements of paragraph (b)(1) of this section, the reviewing official shall sign and date the report, or

(ii) The report does not fulfill the requirements of paragraph (b)(1) of this section, the official shall:

(A) Notify the reporting individual of this opinion,

(B) Afford the reporting individual a reasonable opportunity for an oral or written response, and

(C) Determine on the basis of the response whether or not the report fulfills the requirements.

(4) *Review to determine remedial action.* If the reviewing official concludes, after following the procedure set forth in paragraph (b)(3)(ii) of this section, that:

(i) The report fulfills the requirements of paragraph (b)(1) of this section, the reviewing official shall sign and date the report and notify the reporting individual in writing that this action was taken; or

(ii) The report does not fulfill the requirements of paragraph (b)(1) of this section, the reviewing official shall:

(A) Notify the individual of that opinion,

(B) Afford the individual an opportunity for personal consultation, if practicable,

(C) Determine what remedial action should be taken to bring the report into compliance, and

(D) Notify the individual in writing of the remedial action required, indicating a date by which that action must be taken.

Except in unusual situations which must be fully documented to the satisfaction of the reviewing official, reme-

dial action shall be completed within 90 days from the date the individual was notified that the action would be required.

(5) *Remedial steps.* Remedial steps may include, as appropriate:

(i) Divestiture of the conflicting interest,

(ii) Restitution,

(iii) The establishment of a qualified trust under section 202(f) of the Act,

(iv) Request for an exemption under 18 U.S.C. 208(b),

(v) Recusal, or

(vi) Voluntary request by the individual for transfer, reassignment, limitation of duties or resignation.

(6) *Compliance or referral.* (i) If the reporting individual complies with a written request for remedial action required under paragraph (b)(4)(ii), the reviewing official shall indicate in the comment section of the report that this action has been taken and shall sign and date the report. The reviewing official shall send to the reporting individual written notification of the signing and of the addition of the comment to the form.

(ii) If the reporting individual does not comply with a written request for remedial action transmitted under paragraph (b)(4)(ii) of this section, the reviewing official shall notify the Office of Government Ethics and refer the matter for appropriate action to:

(A) The President, where the reporting individual is in a position, other than in the uniformed services, appointment to which requires the advice and consent of the Senate,

(B) The Secretary concerned, for a member of the uniformed services, or

(C) The head of the agency, for any other officer or employee, except in the case of the Postmaster General or Deputy Postmaster General, the Director of the Office of Government Ethics shall recommend to the Governors of the Board of Governors of the United States Postal Service the action to be taken. In unusual circumstances, the Office of Government Ethics may order corrective action as authorized by section 402(b)(9) of the Act.

(7) *Appropriate action.* Appropriate action includes changes in assigned duties or adverse action in accordance with the procedures set forth in 5 CFR Part 752.

(8) *Scope of this paragraph.* The provisions of this paragraph (b) shall not apply in the case of the President or Vice President, or a candidate or nominee for such office.

(c) *Expedited procedure in the case of individuals appointed by the President and subject to confirmation by the Senate.* Notwithstanding paragraph (a) of this section, in the case of a report filed by an individual described in § 734.201(c) who is nominated to a position, by the President, by and with the advice and consent of the Senate:

(1) The Executive Office of the President shall furnish the financial disclosure reporting forms to the nominee and shall forward the completed report to the designated agency ethics official at the agency in which the nominee will serve or is serving; or when appropriate, the nominee shall file the completed report directly with the designated agency ethics official.

(2) The designated agency ethics official shall review the report and, only after the official completes a review in accordance with paragraph (b)(1) of this section and concludes that there is no conflict of interest under applicable laws and regulations, the official shall:

(i) Attach to the report a copy of the official position description (when available) of the position to be filled by the nominee;

(ii) Personally certify the report and date the certification;

(iii) Write an opinion letter to the Director, Office of Government Ethics, certifying that there is no conflict of interest under applicable laws and regulations, and discussing:

(A) Any problems which the official encountered in reaching the conclusions upon which that certification is based and describing the resolution of the problems, and

(B) Any specific commitment, agreement, recusal, or other undertaking by the nominee to resolve any such problem through recusal, divestiture or similar action (with a copy of any such commitment, agreement, recusal, or other undertaking which has been re-

duced to writing to be sent to the Director as soon as it is available); and

(iv) Deliver the letter and report to the Director, Office of Government Ethics, within three days after the receipt of the report by the agency in which the nominee will serve or is serving.

(3) The Director of the Office of Government Ethics shall review the report and the letter from the designated agency official and, if satisfied that there is no unresolved conflict, the Director shall sign the report and date the approval. The Director shall submit the report with a letter to the Senate Committee involved expressing the Director's opinion that on the basis of information contained in the report the nominee is in compliance with applicable laws and regulations.

(4) If in the case of any nominee or class of nominees for any reason the expedited procedure specified in this paragraph (c) cannot be completed within the time set forth in paragraph (c)(2)(iv) of this section, the designated agency official shall inform the Director. When necessary and appropriate in the case of a class of nominees, the Director may modify the rule of that paragraph with respect to a particular department or agency.

(d) *Updated disclosure of earned income and honoraria in the case of an individual nominated by the President to a position to which appointment is subject to confirmation by the Senate*—(1) *General Rule.* Each individual described in § 734.201(c) who is nominated by the President to a position to which appointment is subject to confirmation by the Senate shall, at or before the commencement of the first Senate Committee hearing to consider the nomination, submit to the Committee an amendment to his or her report previously filed under § 734.201(c) which shall update, through the period ending no earlier than five days prior to the date of the commencement of the hearing, the disclosure of items and other data with respect to (i) outside earned income, as defined in § 734.501(b), without application of its last sentence, and (ii) honoraria, as defined in § 734.105. Such individual shall transmit copies of the amendment to the designated agency ethics official referred to in paragraph (c)(1) of this section and to the Office of Government Ethics.

(2) *Additional certification.* In each case to which this paragraph applies, the Director of the Office of Government Ethics shall, at the request of the Committee considering the nomination, submit to it with respect to the updated disclosure an opinion letter of the nature described in paragraph (c)(3) of this section. In the event of such a request, the expedited procedure provided for by paragraph (c) shall apply to the updated disclosure which shall, for purposes of that paragraph, be deemed a report filed.

[45 FR 69777, Oct. 21, 1980; 45 FR 83473, Dec. 19, 1980, as amended at 49 FR 33117, Aug. 21, 1984; 50 FR 1204, Jan. 10, 1985]

§ 734.605 Advice and opinions.

For purposes of assisting both current and former employees in avoiding situations in which they would not be in compliance with applicable laws and regulations and to inform members of the public—

(a) The Director, Office of Government Ethics, will render advisory opinions on matters of general applicability or on important matters of first impression after, to the extent practicable, providing interested parties with an opportunity to transmit written comments on the request for the advisory opinion, and whereby such advisory opinions are compiled, published, and made available to agency ethics counselors and the public; and

(b) Each Secretary concerned and designated agency official, including the President in the case of individuals employed in the Executive Office of the President, shall maintain a list of those circumstances or situations which have resulted or may result in non-compliance with such laws or regulations; such list shall be periodically published, and shall be furnished to those individuals employed within the agency who are required to file reports under this part, however, the absence of any situation or circumstance from such a list shall not be construed as an indication that an individual in such circumstance or situation would be in

compliance with such laws or regulations.

Subpart G—Penalties and Remedial Action

§ 734.701 Failure to file or falsifying reports.

(a) *Civil action.* The Attorney General may bring a civil action in any appropriate United States District Court against any individual who knowingly and willfully falsifies or who knowingly or willfully fails to file or report any information required under this part. The court in which the action is brought may assess against the individual a civil penalty in any amount, not to exceed $5,000.

(b) *Referral of cases.* The head of each agency, each Secretary concerned, or the Director, Office of Government Ethics, as the case may be, shall refer to the Attorney General the name of any individual he or she has reasonable cause to believe has willfully failed to file a report or has willfully falsified or willfully failed to file required information.

(c) *Administrative remedies.* The President, the Vice President, the Director, Office of Government Ethics, the Secretary concerned, the head of each agency, and the Office of Personnel Management, may take any appropriate personnel or other action in accordance with applicable law or regulation against any individual failing to file a report or falsifying or failing to file required information. This action includes adverse action under 5 CFR Part 752.

§ 734.702 Certain actions in the case of qualified trusts.

(a) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who knowingly and willfully violates the provisions of § 734.407(a) (1) and (2). The court in which the action is brought may assess against the individual a civil penalty in any amount, not to exceed $5,000.

(b) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who negligently violates the provisions of § 734.407(a)(1) and (a)(2). The court in which the action is brought may assess against the individual a civil penalty in any amount, not to exceed $1,000.

§ 734.703 Misuse of reports.

The Attorney General may bring a civil action against any person who obtains or uses a report filed under this part for any purpose prohibited by section 205(c)(1) of the Act and § 734.603(e). The court in which the action is brought may assess against the person a penalty in any amount, not to exceed $5,000. This remedy shall be in addition to any other remedy available under statutory or common law.

Subpart H—Ethics Agreements

SOURCE: 50 FR 1204, Jan. 10, 1985, unless otherwise noted.

§ 734.801 Scope.

This subpart applies to ethics agreements made by reporting individuals (see § 734.202) to resolve potential or actual conflicts of interest.

§ 734.802 Requirements.

(a) *Ethics Agreement defined.* Except as provided in subsection (c) of this section, the term "ethics agreement" shall for the purposes of this subpart include any undertaking to carry out one or more of the following actions:

(1) Recusal or disqualification from one or more particular matters or categories of official action;

(2) Divestiture of a financial interest or interests;

(3) Resignation from a non-federal business or other entity;

(4) Participation in one or more particular matters or categories of official action upon the issuance of an 18 U.S.C. 208(b)(1) waiver; or

(5) Establishment of a blind trust under this Act.

(b) *Time limit.* The ethics agreement shall specify that the individual must complete the action which he or she has undertaken within a period not to exceed 3 months from the date of the agreement, except in cases of

unusual hardship as determined by the Office of Government Ethics.

(c) *Exception.* An ethics agreement shall not include an undertaking by a reporting individual to carry out an action listed in subsection (a) of this section if the power to permit or deny the action by such individual has been granted by statute to an agency or official who has not approved the undertaking. See, for example, Department of Energy Organization Act, Pub. L. 95-91, Sections 602(a) and 606 (a) and (b).

Example 1. An official of the Boeing Company is nominated to a Department of Defense position requiring the advice and consent of the Senate. As a condition of assuming the position the individual has agreed to divest himself of his Boeing stock which he recently acquired while he was an officer with the company. However, a Securities and Exchange Commission law and regulation preclude officers of public corporations from deriving a profit from the sale of stock in the corporation in which they hold office within 6 months of acquiring the stock, and direct that any such profit must be returned to the issuing corporation or its stockholders. Since meeting the usual 3-month time limit specified in this subpart might entail losing any profit that might be realized on the sale of the stock, the Boeing official requests that such limit be extended beyond the end of the 6-month period imposed by the Commission to enable any profits from the transaction to inure to his benefit. Written approval would have to be obtained from the Office of Government Ethics to extend the customary 3-month period.

§ 734.803 Notification of ethics agreements.

(a) *Nominees to positions requiring the advice and consent of the Senate.* (1) In the case of a nominee referred to in §734.201(c), the designated agency ethics official shall include with the report submitted to the Office of Government Ethics any ethics agreement which the nominee has made.

(2) A designated agency ethics official shall immediately notify the Office of Government Ethics of an ethics agreement of a nominee which is made or becomes known after the submission of the nominee's report to the Office of Government Ethics. This requirement includes an ethics agreement made by a nominee with the Senate confirmation committee. The nominee for his or her part shall immediately report to the designated agency official an ethics agreement he or she has made with the committee.

(3) With regard to any ethics agreements made between the nominee and the Office of Government Ethics, the Office of Government Ethics shall immediately apprise the designated agency ethics official and the Senate confirmation committee.

(b) *Incumbents of positions requiring the advice and consent of the Senate.* In the case of a position requiring the incumbent's confirmation by the Senate, the designated agency ethics official shall immediately apprise the Office of Government Ethics of any ethics agreement which the incumbent has made.

(c) *Designated agency ethics officials not covered by paragraph (a) or (b) and employees of the White House Office and other agencies referred to in § 734.602(c)(5).* A designated agency ethics official not covered by paragraph (a) or (b) of this section and each employee of the White House Office, the Office of Vice President, or the Domestic Policy Staff and Office of Administration (agencies in the Executive Office of the President) who is referred to in § 734.602(c)(5) shall include with his or her initial report submitted to the Office of Government Ethics any ethics agreement which such official or employee has undertaken and shall immediately apprise the Office of Government Ethics of any subsequent ethics agreement.

(d) *Other reporting individuals.* Other reporting individuals desiring to enter into ethics agreements may do so with the designated agency ethics official. Where an ethics agreement has been made with someone other than the designated agency ethics official, the officer or employee involved shall immediately apprise the designated agency ethics official of the agreement.

§ 734.804 Notification of compliance.

Requisite evidence of action taken. In the case of nominees to positions requiring the advice and consent of the Senate, evidence of the action

taken by the nominee to carry out an ethics agreement shall be submitted to the Office of Government Ethics and the Senate confirmation committee by the designated agency ethics official promptly upon receipt by the official of such evidence. In the case of incumbents of positions requiring the advice and consent of the Senate, evidence of action taken shall be submitted immediately by the designated agency ethics official to the Office of Government Ethics. Where a designated agency ethics official is neither a nominee nor an incumbent, such official must send evidence of his or her action to the Office of Government Ethics. In the case of other reporting individuals, evidence of action taken must be sent to the designated agency ethics official. The evidence of the action taken consists of any of the following:

(a) *Recusal.* A copy of the recusal agreement containing the specific matters to which the recusal shall apply, a statement of the process or method by which the recusal shall be enforced within the agency, and positions of those involved in its execution (i.e., the individual's immediate subordinates and supervisors).

Example (1): A member of the staff of the National Transportation Safety Board owns stock in UAL, Inc. (United Air Lines) and has agreed to recuse herself from participation in any investigations of accidents involving United Air Lines aircraft. A copy of this recusal would have to be given to her immediate subordinates and supervisors and to the designated agency ethics official. The staff member has also agreed to recuse herself from any particular matter (as defined in 18 U.S.C. 208) that might arise with respect to any of her present or future holdings. There would be no requirement to commit this type of general recusal to writing.

(b) *Divestiture, resignation, and reassignment.* Written notification that the divestiture, resignation, or reassignment has occurred.

(c) *18 U.S.C. 208(b)(1) waiver.* A copy of the waiver, signed by the appropriate supervisory official.

(d) *Blind trust.* Information required by Subpart D of this part submitted to the Office of Government Ethics for its approval of the blind trust instrument. Should the trust not be approved, the designated agency ethics official and, as appropriate, the Senate confirmation committee should be informed immediately.

§ 734.805 Retention.

Records of ethics agreements and actions described in this subpart shall be maintained with the individual's financial disclosure report at the agency and, where applicable, at the Office of Government Ethics.

APPENDIX A TO PART 734—CERTIFICATE OF INDEPENDENCE

The Certificate of Independence required by § 734.406(a) shall be executed as follows:

CERTIFICATE OF INDEPENDENCE

With respect to the trust of ———— (Settlor), which has been submitted to the Office of Government Ethics for certification pursuant to the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended), the undersigned proposed Trustee of such trust, or person in addition to a party to the trust designated in the trust instrument as an investment adviser, is eligible to serve in such fiduciary capacity in accordance with section 202(f)(3)(A) of such Act:

FIRST: The undersigned is (check one)—

- ☐ a financial institution, which is a "bank" as defined in 15 U.S.C. 80b-2(a)(2);
- ☐ an attorney, who is admitted to practice before the highest court of ————;
- ☐ a certified public accountant;
- ☐ a "broker", as defined in 15 U.S.C. 78c(a)(4);
- ☐ an investment adviser, who is a person defined in 15 U.S.C. 806-2(a)(11) or who demonstrates to the satisfaction of the Director general involvement in his or her role as such an adviser in the management or control of trusts; or
- ☐ a person in addition to a party to the trust designated in the trust instrument as an investment adviser.

SECOND: The undersigned (and any officer or employee of the undersigned, involved or to be involved in the management or control of the trust)—

(A) Is independent of and unassociated with any interested party so that the undersigned (and any such officer and employee) cannot be controlled or influenced in the administration of the trust by any interested party;

(B) Is not or has not been an employee of an interested party, or any organization affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party;

(C) Is not a relative of any interested party; and

(D) Does not share actively in a business enterprise or other undertaking with any interested party.

* * * * *

The undersigned certifies that the statements contained herein are true, complete and correct to the best of such undersigned's knowledge and belief.

Date _____

(firm) _____

By: _____

(title) _____

Approved by _____

Director, Office of Government Ethics

Date _____

_____

Appendix B to Part 734—Certificate of Compliance

The Certificate of Compliance required by § 734.407(b) shall be executed as follows:

CERTIFICATE OF COMPLIANCE

With respect to the qualified blind trust [qualified diversified trust] of _____ (Settlor), the undersigned, the approved Trustee of such trust or approved person in addition to a party to the trust designated in the trust instrument as an investment adviser pursuant to 5 CFR 734.406, has served in such fiduciary capacity during the calendar year _____ (or for the period beginning _____ and ending _____) and is eligible to continue in such capacity by virtue of the following:

The undersigned (and any officer or employee involved in the management or control of the trust) has not knowingly or negligently, and will not—

(A) disclose any information to an interested party with respect to such trust that may not be disclosed pursuant to 5 CFR 734.403(b)(5) (5 CFR 734.404(c)(5), in the case of a qualified diversified trust) or any other provision or requirement of Subpart D of 5 CFR Part 734,

(B) acquire any holding the ownership of which is prohibited by, or not in accordance with, 5 CFR 734.403(b)(2) (5 CFR 734.404(c)(2), in the case of a qualified diversified trust) or the terms of the trust instrument,

(C) solicit advice from any interested party with respect to such trust, which solicitation is prohibited by 5 CFR 734.403(b)(1) (5 CFR 734.404(c)(1), in the case of a qualified diversified trust) or any other provision or requirement of Subpart D of 5 CFR Part 734 or the trust instrument,

(D) fail to file any document required by 5 CFR 734.407(b) and (c) or any other provision of Subpart D of 5 CFR Part 734, or

(E) violate or fail to comply with any provision or requirement of Subpart D of 5 CFR Part 734 or the trust instrument.

* * * * *

The undersigned certifies that the statements contained herein are true, complete and correct to the best of such undersigned's knowledge and belief.

Date _____

(firm) _____

By: _____

(title) _____

_____

PART 45—STANDARDS OF CONDUCT

Sec.

45.735-1 Purpose and scope.
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45.735-11 Investments.
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45.735-15 Employee indebtedness.
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45.735-18 [Reserved]
45.735-19 Partisan political activities.
45.735-21 Miscellaneous statutory provisions.
45.735-22 Reporting of outside interests by persons other than special Government employees.
45.735-23 Reporting of outside interests by special Government employees.
45.735-24 Reviewing statements of financial interests.
45.735-25 Supplemental regulations.
45.735-26 Designated Agency Ethics Official.
45.735-27 Public financial disclosure requirements.

APPENDIX—CODE OF ETHICS FOR GOVERNMENT SERVICE

AUTHORITY: 80 Stat. 379; 5 U.S.C. 301, Reorganization Plan No. 2 of 1950, 64 Stat. 1261; 3 CFR 1949-1953 Comp., E.O. 11222; 3 CFR, 1964-1965 Comp.; 3 CFR Part 735.

SOURCE: Order No. 350-65, 30 FR 17202, Dec. 31, 1965, unless otherwise noted.

CROSS REFERENCE: For Attorney General's "Memorandum Regarding the Conflict of

Interest Provisions of Pub. L. 87-849", see the appendix to this part.

§ 45.735–1 Purpose and scope.

(a) In conformity with sections 201 through 209 of Title 18 of the United States Code (as enacted by Pub. L. 87-849) and other statutes of the United States, and in conformity with Executive Order No. 11222 of May 8, 1965, and Title 5, Chapter I, Part 735, of the Code of Federal Regulations, relating to conflicts of interest and ethical standards of behavior, this part prescribes policies, standards and instructions with regard to the conduct and behavior of employees and former employees (as defined in § 45.735–3 (b) and (d) respectively) of the Department of Justice.

(b) This part, among other things, reflects prohibitions and requirements imposed by the criminal and civil laws of the United States. However, the paraphrased restatements of criminal and civil statutes contained in this part are designed for informational purposes only and in no way constitute an interpretation or construction thereof that is binding upon the Department of Justice or the Federal Government. Moreover, this part does not purport to paraphrase or enumerate all restrictions or requirements imposed by statutes, Executive orders, regulations or otherwise upon Federal employees and former Federal employees. The omission of a reference to any such restriction or requirement in no way alters the legal effect of that restriction or requirement and any such restriction or requirement, as the case may be, continues to be applicable to employees and former employees in accordance with its own terms. Furthermore, attorneys employed by the Department should be guided in their conduct by the Code of Professional Responsibility of the American Bar Association. Interpretations and applications of the Code to an attorney's official duties should be obtained pursuant to § 45.735–2(e).

(c) Any violation of any provision of this part shall make the employee involved subject to appropriate disciplinary action which shall be in addition to any penalty which might be prescribed by statute or regulation.

[Order No. 350-65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 960-81, 46 FR 52357, Oct. 27, 1981]

§ 45.735–2 Basic policy.

Employees shall:

(a) Conduct themselves in a manner that creates and maintains respect for the Department of Justice and the U.S. Government. In all their activities, personal and official, they should always be mindful of the high standards of behavior expected of them;

(b) Employees should discuss with their immediate supervisors any problems concerning ethics or professional conduct that they cannot resolve personally by reference to the standards set forth in this part. Supervisors should ascertain all pertinent information bearing upon any such problem coming to their attention and shall take prompt action to see that problems that cannot be readily resolved are submitted to the Assistant Attorney General or other official in charge of the employees' Office, Board or Division. In the case of personnel employed by the United States Attorneys, problems may be referred to the Director of the Executive Office for United States Attorneys.

[Order No. 350-65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 960-81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–3 Definitions.

(a) *Division.* "Division" means a principal component of the Department of Justice, including a division, bureau, service, office or board.

(b) *Employee.* "Employee" means an officer or employee of the Department of Justice and includes a special Government employee (as defined in paragraph (c) of this section) in the absence of contrary indication. Presidential appointees shall be deemed employees for the purposes of this part. In situations in which this part requires an employee to report information to, or seek approval for certain activities from, the head of a division, an employee who is the head of a division or who is an appointee of the Attorney General not assigned to a division, shall report to, or seek approval from, the Deputy Attorney General, and the

Deputy Attorney General shall report to, or seek approval from, the Attorney General.

(c) *Special Government employee.* "Special Government employee" means an officer or employee of the Department of Justice who is retained, designated, appointed, or employed to perform, with or without compensation, for not more than 130 days during any period of 365 consecutive days, temporary duties either on a full-time or intermittent basis.

(d) *Former employee.* "Former employee" means a former Department of Justice employee or former special Government employee, as defined in paragraph (c) of this section.

(e) *Person.* "Person" means an individual, a corporation, a company, an association, a firm, a partnership, a society, a joint stock company, or any other organization or institution.

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 699–77, 42 FR 15315, Mar. 21, 1977; Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–4 Disqualification arising from personal or political relationship.

(a) Unless authorized under paragraph (b) of this section, no employee shall participate in a criminal investigation or prosecution if he has a personal or political relationship with:

(1) Any person or organization substantially involved in the conduct that is the subject of the investigation or prosecution; or

(2) Any person or organization which he knows has a specific and substantial interest that would be directly affected by the outcome of the investigation or prosecution.

(b) An employee assigned to or otherwise participating in a criminal investigation or prosecution who believes that his participation may be prohibited by paragraph (a) of this section shall report the matter and all attendant facts and circumstances to his supervisor at the level of section chief or the equivalent or higher. If the supervisor determines that a personal or political relationship exists between the employee and a person or organization described in paragraph (a) of this section, he shall relieve the employee from participation unless he determines further, in writing, after full consideration of all the facts and circumstances, that:

(1) The relationship will not have the effect of rendering the employee's service less than fully impartial and professional; and

(2) The employee's participation would not create an appearance of a conflict of interest likely to affect the public perception of the integrity of the investigation or prosecution.

(c) For the purposes of this section:

(1) "Political relationship" means a close identification with an elected official, a candidate (whether or not successful) for elective, public office, a political party, or a campaign organization, arising from service as a principal adviser thereto or a principal official thereof; and

(2) "Personal relationship" means a close and substantial connection of the type normally viewed as likely to induce partiality. An employee is presumed to have a personal relationship with his father, mother, brother, sister, child and spouse. Whether relationships (including friendships) of an employee to other persons or organizations are "personal" must be judged on an individual basis with due regard given to the subjective opinion of the employee.

(d) This section pertains to agency management and is not intended to create rights enforceable by private individuals or organizations.

[Order No. 993–83, 48 FR 2319, Jan. 19, 1983]

§ 45.735–5 Disqualification arising from private financial interests.

(a) No employee shall participate personally and substantially as a Government employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise, in a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other particular matter in which, to his knowledge, he, his spouse, minor child, partner, organization in which he is serving as officer, director, trustee, partner or employee, or any person or organization

with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest, unless authorized to do so in accordance with the following described procedure:

(1) The employee shall inform the head of his division of the nature and circumstances of the matter and of the financial interest involved and shall request a determination as to the propriety of his participation in the matter.

(2) The head of the division, after examining the information submitted, may relieve the employee from participation in the matter, or he may submit the matter to the Deputy Attorney General with recommendations for appropriate action. In cases so referred to him, the Deputy Attorney General may relieve the employee from participation in the matter or may approve the employee's participation in the matter upon determining in writing that the interest involved is not so substantial as to be likely to affect the integrity of the services which the Government may expect from such employee.

(b) The financial interests described below are hereby exempted from the prohibition of 18 U.S.C. 208(a) as being too remote or too inconsequential to affect the integrity of an employee's services in a matter:

The stock, bond, or policy holdings of an employee in a mutual fund, investment company, bank or insurance company which owns an interest in an entity involved in the matter, provided that in the case of a mutual fund, investment company or bank the fair value of such stock or bond holding does not exceed 1 percent of the value of the reported assets of the mutual fund, investment company, or bank.

(18 U.S.C. 208)

[Order No. 350-65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 699-77, 42 FR 15315, Mar. 21, 1977; Order No. 960-81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–6 Activities and compensation of employees in claims against and other matters affecting the Government.

(a) No employee, otherwise than in the proper discharge of his official duties, shall—

(1) Act as agent or attorney for prosecuting any claim against the United States, or receive any gratuity, or any share of or interest in any such claim in consideration of assistance in the prosecution of such claim;

(2) Act as agent or attorney for anyone before any department, agency, court, court-martial, office, or any civil, military, or naval commission in connection with any proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other particular matter in which the United States is a party or has a direct and substantial interest; or

(3) Directly or indirectly receive or agree to receive, or ask, demand, solicit or seek, any compensation for any services rendered or to be rendered either by himself or another, before any department, agency, court, court-martial, officer, or any civil, military, or naval commission, in relation to any matter enumerated and described in paragraph (a)(2) of this section.

(b) A special Government employee shall be subject to paragraph (a) of this section only in relation to a particular matter involving a specific party or parties (1) in which he has at any time participated personally and substantially as a Government employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, or (2) which is pending in the Justice Department: *Provided,* That paragraph (b)(2) of this section shall not apply in the case of a special Government employee who has served in the Justice Department no more than 60 days during the immediately preceding period of 365 consecutive days.

(c) Nothing in this part shall be deemed to prohibit an employee, if it is not otherwise inconsistent with the faithful performance of his duties, from acting without compensation as agent or attorney for any person in a disciplinary, loyalty, or other Federal personnel administration proceeding involving such person.

(d) Nothing in this part shall be deemed to prohibit an employee from acting, with or without compensation, as agent or attorney for his parents, spouse, child, or any person for whom, or for any estate for which, he is serving as guardian, executor, administra-

tor, trustee, or other personal fiduciary, except in those matters in which he has participated personally and substantially as a Government employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, or which are the subject of his official responsibility, as defined in section 202(b) of Title 18 of the United States Code, provided that the head of his division approves.

(e) Nothing in this part shall be deemed to prohibit an employee from giving testimony under oath or from making statements required to be made under penalty for perjury or contempt.

(18 U.S.C. 203, 205)

§ 45.735–7 Disqualification of former employees; disqualification of partners of current employees.

(a) No individual who has been an employee shall, after his employment has ceased, knowingly act as agent or attorney for, or otherwise represent, any other person (except the United States) in any formal or informal appearance before, or, with the intent to influence, make any oral or written communication on behalf of any other person (except the United States) (1) to any department, agency, court, court-martial, or any civil, military, or naval commission of the United States or the District of Columbia, or any officer or employee thereof, (2) in connection with any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest, or other particular matter involving a specific party or parties in which the United States or the District of Columbia is a party or has a direct and substantial interest, and (3) in which he participated personally and substantially as an employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise, while so employed. (18 U.S.C. 207(a))

(b) No individual who has been an employee shall, within two years after his employment has ceased, knowingly act as agent or attorney for, or otherwise represent, any other person (except the United States) in any formal or informal appearance before, or with intent to influence, make any oral or written communication on behalf of any other person (except the United States) (1) to an organization enumerated in paragraph (a)(1) of this section, or any officer or employee thereof, (2) in connection with any matter enumerated and described in paragraph (a)(2) of this section, and (3) which was actually pending under his official responsibility as an employee within a period of one year prior to the termination of such responsibility. (18 U.S.C. 207(b)(i))

(c) No individual who has been an employee in an executive level position, in a position with a comparable or greater rate of pay, or in a position that involved significant decisionmaking or supervisory responsibility as designated by the Director of the Office of Government Ethics under 18 U.S.C. 207(d)(1)(C), shall, within two years after his employment in such position has ceased, knowingly represent or aid, counsel, advise, consult, or assist in representing any other person (except the United States) by personal presence at any formal or informal appearance before (1) an organization enumerated in paragraph (a)(1) of this section, or an officer or employee thereof, (2) in connection with any matter enumerated and described in paragraph (a)(2) of this section, and (3) in which he participated personally or substantially as an employee. (18 U.S.C. 207(b)(ii))

(d) No individual (other than one who was a special Government employee with service of less than sixty days in a given calendar year) who has been an employee in an executive level position or a position with a comparable or greater rate of pay, or in a position which involved significant decisionmaking or supervisory responsibility as designated by the Director of the Office of Government Ethics under 18 U.S.C. 207(d)(1)(C), shall, within one year after such employment has ceased, knowingly engage in conduct described in the next sentence. The prohibited knowing conduct is that of acting as attorney or agent for, or otherwise representing, anyone other than the United States

in any formal or informal appearance before, or with the intent to influence, making any oral or written communication on behalf of anyone other than the United States (1) to the Department of Justice, or any employee thereof, (2) in connection with any rulemaking or any matter enumerated and described in paragraph (a)(2) of this section, and (3) which is pending before this Department or in which it has a direct and substantial interest. (18 U.S.C. 207(c); but see 5 CFR 737.13, 737.31 and 737.32)

(e) No partner of an employee shall act as agent or attorney for anyone other than the United States before an organization enumerated in paragraph (a)(1) of this section, or any officer or employee thereof, in connection with any matter enumerated and described in paragraph (a)(2) of this section in which such Government employee is participating or has participated personally and substantially as a Government employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise, or which is the subject of his official responsibility.

(18 U.S.C. 207(g))

[Order No. 885-80, 45 FR 26326, Apr. 18, 1980]

§ 45.735-7a Disciplinary proceedings under 18 U.S.C. 207(j).

(a) Upon a determination by the Assistant Attorney General in charge of the Criminal Division (Assistant Attorney General), after investigation, that there is reasonable cause to believe that a former officer or employee, including a former special Government employee, of the Department of Justice (former departmental employee) has violated 18 U.S.C. 207 (a), (b) or (c), the Assistant Attorney General shall cause a copy of written charges of the violation(s) to be served upon such individual, either personally or by registered mail. The charges shall be accompanied by a notice to the former departmental employee to show cause within a specified time of not less than 30 days after receipt of the notice why he or she should not be prohibited from engaging in representational activities in relation to matters pending in the Department of Justice, as authorized by 18 U.S.C. 207(j), or subjected to other appropriate disciplinary action under that statute. The notice to show cause shall include:

(1) A statement of allegations, and their basis, sufficiently detailed to enable the former departmental employee to prepare an adequate defense,

(2) Notification of the right to a hearing, and

(3) An explanation of the method by which a hearing may be requested.

(b) If a former departmental employee who submits an answer to the notice to show cause does not request a hearing or if the Assistant Attorney General does not receive an answer within five days after the expiration of the time prescribed by the notice, the Assistant Attorney General shall forward the record, including the report(s) of investigation, to the Attorney General. In the case of a failure to answer, such failure shall constitute a waiver of defense.

(c) Upon receipt of a former departmental employee's request for a hearing, the Assistant Attorney General shall notify him or her of the time and place thereof, giving due regard both to such person's need for an adequate period to prepare a suitable defense and an expeditious resolution of allegations that may be damaging to his or her reputation.

(d) The presiding officer at the hearing and any related proceedings shall be a federal administrative law judge or other federal official with comparable duties. He shall insure that the former departmental employee has, among others, the rights:

(1) To self-representation or representation by counsel,

(2) To introduce and examine witnesses and submit physical evidence,

(3) To confront and cross-examine adverse witnesses,

(4) To present oral argument, and

(5) To a transcript or recording of the proceedings, upon request.

(e) The Assistant Attorney General shall designate one or more officers or employees of the Department of Justice to present the evidence against the former departmental employee

and perform other functions incident to the proceedings.

(f) A decision adverse to the former departmental employee must be sustained by substantial evidence that he violated 18 U.S.C. 207 (a), (b) or (c).

(g) The presiding officer shall issue an initial decision based exclusively on the transcript of testimony and exhibits, together with all papers and requests filed in the proceeding, and shall set forth in the decision findings and conclusions, supported by reasons, on the material issues of fact and law presented on the record.

(h) Within 30 days after issuance of the initial decision, either party may appeal to the Attorney General, who in that event shall issue the final decision based on the record of the proceedings or those portions thereof cited by the parties to limit the issues. If the final decision modifies or reverses the initial decision, the Attorney General shall specify the findings of fact and conclusions of law that vary from those of the presiding officer.

(i) If a former departmental employee fails to appeal from an adverse initial decision within the prescribed period of time, the presiding officer shall forward the record of the proceedings to the Attorney General.

(j) In the case of a former departmental employee who filed an answer to the notice to show cause but did not request a hearing, the Attorney General shall make the final decision on the record submitted to him by the Assistant Attorney General pursuant to subsection (b) of this section.

(k) The Attorney General, in a case where:

(1) The defense has been waived,

(2) The former departmental employee has failed to appeal from an adverse initial decision, or

(3) The Attorney General has issued a final decision that the former departmental employee violated 18 U.S.C. 207 (a), (b) or (c),

may issue an order:

(i) Prohibiting the former departmental employee from making, on behalf of any other person (except the United States), any informal or formal appearance before, or, with the intent to influence, any oral or written communication to, the Department of Justice on a pending matter of business for a period not to exceed five years, or

(ii) Prescribing other appropriate disciplinary action.

(l) An order issued under either paragraph (k)(3) (i) or (ii) of this section may be supplemented by a directive to officers and employees of the Department of Justice not to engage in conduct in relation to the former departmental employee that would contravene such order.

[Order No. 889–80, 45 FR 31717, May 14, 1980]

§ 45.735–8 Salary of employees payable only by United States.

(a) No employee, other than a special Government employee or an employee serving without compensation, shall receive any salary, or any contribution to or supplement of salary, as compensation for his services as an employee of the Department of Justice, from any source other than the Government of the United States, except as may be contributed out of the treasury of any State, county, or municipality.

(b) Nothing in this part shall be deemed to prohibit an employee from continuing to participate in a bona fide pension, retirement, group life, health, or accident insurance, profit-sharing, stock bonus, or other employee, welfare, or benefit plan maintained by a former employer.

(18 U.S.C. 209)

§ 45.735–9 Private professional practice and outside employment.

(a) No professional employee shall engage in the private practice of his profession, including the practice of law, except as may be authorized by or under paragraph (c) or (e) of this section. Acceptance of a forwarding fee shall be deemed to be within the foregoing prohibition. Teaching will not be considered "professional practice" for purposes of this rule. Employees who wish to undertake teaching engagements should consult § 45.735–12.

(b) Paragraph (a) of this section shall not be applicable to special Government employees.

(c)(1) Employees are encouraged to provide public interest professional services so long as such services do not interfere with their official responsibilities. Such public interest services must be conducted without compensation, and during off-duty hours or while on leave. Leave will be granted for court appearances or other necessary incidents of representation in accordance with established policy on leave administration (see DOJ Order 1630.1A). Representation of Federal employees in Equal Employment Opportunity (EEO) complaint procedures may be provided in accordance with § 45.735–6(c) of this title and the Department's established EEO policy (see DOJ Order 1713.5) rather than this subsection. No employee may seek, or assist a plaintiff who seeks, an award of attorney's fees for services provided pursuant to this subsection.

(2) Any *pro bono* services provided by an employee must be consistent with Federal law and regulations. In determining whether to provide *pro bono* services in a particular matter, the employee should give particular attention to the requirements of paragraph (f) of this section. Notice of intention to provide *pro bono* services shall be given in writing to the head of the employee's division (or in the case of an Assistant U.S. Attorney to the Executive Office of U.S. Attorneys with the U.S. Attorney's comments appended thereto). Should the division head or Executive Office believe the public interest professional service may not conform to the requirements of this section the disagreement will promptly be referred to the Deputy Attorney General for final resolution.

(3) Public interest services should fall into one of the following categories:

(i) Service to a client who does not have the financial resources to pay for professional services;

(ii) Services to assert or defend individual or public rights which society has a special interest in protecting;

(iii) Services to further the organizational purpose of a charitable, religious, civic, or educational organization; or

(iv) Services designed to improve the administration of justice.

(d) Employees may provide professional services, pursuant to § 45.735–6(d) of this title, to those relatives and personal fiduciaries who are listed in that section.

(e) The Deputy Attorney General may make other specific exceptions to paragraph (a) of this section in unusual circumstances. Application for exceptions must be made in writing stating the reasons therefor, and directed to the Deputy Attorney General through the applicant's superior. Action taken by the Deputy Attorney General with respect to any such application shall be made in writing and shall be directed to the applicant.

(f) No employee shall engage in any professional practice under this section or any other outside employment if—

(1) The activity will in any manner interfere with the proper and effective performance of the employee's official duties;

(2) The activity will create or appear to create a conflict of interest;

(3) The activity will reflect adversely upon the Department of Justice;

(4) The employee's position in the Department of Justice will influence or appear to influence the outcome of the matter;

(5) The activity will involve assertions that are contrary to the interests or positions of the United States; or

(6) The activity involves any criminal matter or proceeding whether Federal, State or local, or any other matter or proceeding in which the United States (including the District of Columbia government) is a party or has a direct and substantial interest.

[Order No. 909–80, 45 FR 57125, Aug. 27, 1980, as amended by Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–10 Improper use of official information.

No employee shall use for financial gain for himself or for another person, or make any other improper use of, whether by direct action on his part or by counsel, recommendation, or suggestion to another person, information which comes to the employee by reason of his status as a Department of Justice employee and which has not

become part of the body of public information.

§ 45.735–11 Investments.

No employee shall make investments: (a) In enterprises which it is reasonable to believe will be involved in decisions to be made by him, (b) on the basis of information which comes to him by reason of his status as a Department of Justice employee and which has not become part of the body of public information or (c) which are reasonably likely to create any conflict in the proper discharge of his official duties.

§ 45.735–12 Speeches, publications and teaching.

(a) No employee shall accept a fee from an outside source on account of a public appearance, speech, lecture, or publication if the public appearance or the preparation of the speech, lecture, or publication was a part of the official duties of the employee.

(b) No employee shall receive compensation or anything of monetary value for any consultation, lecture, teaching, discussion, writing, or appearance the subject matter of which is devoted substantially to the responsibilities, programs or operations of the Department, or which draws substantially on official data or ideas which have not become part of the body of public information.

(c) No employee shall engage, whether with or without compensation, in teaching, lecturing or writing that is dependent on information obtained as a result of his Government employment except when that information has been made available to the general public or when the Deputy Attorney General gives written authorization for the use of nonpublic information on the basis that the use is in the public interest.

(d)(1) The Attorney General, Deputy Attorney General, Associate Attorney General, and the heads of divisions shall not make speeches or otherwise lend their names or support in a prominent fashion to a fundraising drive or a fundraising event or similar event intended for the benefit of any person. No Department of Justice employee or special Government employee shall engage in any of these activities if the invitation was extended primarily because of his official position with the Department or if the fact of his official position with the Department has been or will be used in the promotion of the event to any significant degree.

(2) For purposes of this subsection, an event wil be regarded as a fundraising event if any portion of the ticket or other cost of admission is designated as a charitable contribution for tax purposes, if one of its purposes is to produce net proceeds for the benefit of any person, or if it is a "kickoff" dinner or similar occasion that is part of a broader fundraising effort.

(3) Nothing in this subsection shall apply to the Combined Federal Campaign or any other authorized fundraising drive directed primarily at Federal employees, or to a fundraising event of an organization which is exempt from taxation under 26 U.S.C. 501(c)(3).

(4) Nothing in this subsection shall apply to a meeting, seminar, or conference sponsored by a professional or other appropriate organization where a tuition or other fee is charged for attendance if such tuition or fee is reasonable under the circumstances.

(e) When an employee is prohibited by this section from accepting compensation for an activity, he is also prohibited from suggesting that the person offering such compensation donate it to a particular charity or other third party.

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 699–77, 42 FR 15315, Mar. 21, 1977; Order No. 760–77, 42 FR 64119, Dec. 22, 1977; Order No. 807–78, 43 FR 52702, Nov. 14, 1978; 44 FR 36028, June 20, 1979; Order No. 887–80, 45 FR 29574, May 5, 1980; Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–13 [Reserved]

§ 45.735–14 Gifts, entertainment, and favors.

(a) Except as provided in paragraph (c) of this section, an employee other than a special Government employee shall not solicit or accept, for himself or another person, directly or indirectly, any gift, gratuity, favor, entertain-

ment, loan, or any other thing of monetary value, from a person who:

(1) Has, or is seeking to obtain, contractual or other business or financial relations with the Department;

(2) Conducts operations or activities that are regulated by the Department;

(3) Is engaged, either as principal or attorney, in proceedings before the Departmental or in court proceedings in which the United States is an adverse party; or

(4) Has interests that may be substantially affected by the performance or nonperformance of the employee's official duty.

(b) Except as provided in paragraph (c) of this section, a special Government employee shall be subject to the prohibition set forth in paragraph (a)(4) of this section.

(c) Paragraphs (a) and (b) of this section shall not be construed to prohibit:

(1) Solicitation or acceptance of anything of monetary value from a friend, parent, spouse, child or other close relative when the circumstances make it clear that the motivation for the action is a personal or family relationship.

(2) Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting.

(3) Acceptance of loans from banks or other financial institutions on customary terms of finance for proper and usual activities of employees, such as home mortgage loans.

(4) Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars and other items of nominal intrinsic value.

(d) No employee shall accept a gift, present, decoration, or other thing from a foreign government unless authorized by Congress as provided by the Constitution (Art. I, sec. 9, cl. 8) and in Pub. L. 89–673, 80 Stat. 952.

(e) No employee shall solicit a contribution from another employee for a gift to an official superior, nor make a donation as a gift to an official superior, nor accept a gift from an employee receiving less pay than himself (5 U.S.C. 7351). However, this paragraph does not prohibit a voluntary gift of nominal value or donation in a nominal amount made on a special occasion such as marriage, illness, or retirement.

(5 U.S.C. 7351)

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 383–67, 32 FR 13217, Sept. 19, 1967; Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–14a Reimbursement for travel and subsistence; acceptance of awards.

(a) Employees may not accept reimbursement for travel or expenses incident to travel on official business from any source other than the Federal Government. However, employees may accept such reimbursement, from organizations that are exempt from taxation under the Internal Revenue Code, 26 U.S.C. 501(c)(3) for expenses incident to training or the attendance at meetings in accordance with 5 U.S.C. 4111 and 5 CFR 410.702.

(b) Employees may accept reimbursement for travel or expenses incident to travel of a nonofficial nature, so long as the circumstances are such that acceptance of the reimbursement is compatible with other restrictions set forth in this part.

(c) Employees will not be deemed to be on official business when they attend the meetings of a charitable, religious, professional, social, fraternal, educational, recreational, public service or civic organization if they have not been directed by the Department to attend the meeting and if they do not receive Government reimbursement for their travel or other expenses incident to attendance at the meetings.

(d) Employees may accept awards from the organizations described in paragraph (c) of this section, so long as the circumstances are such that acceptance is compatible with other restrictions set forth in this part.

(e) Employees may accept reimbursement for travel or expenses incident to travel from an organization described in paragraph (a) or (c) of this section for the actual expenses of an accompanying spouse in connection with the employee's attendance at the meetings of the organization or acceptance of an award from the organi-

zation. The acceptance of spousal expenses under this paragraph shall not depend upon the official or nonofficial nature of the employee's travel, but it must be otherwise compatible with the restrictions set forth in this part. In particular, employees may not accept spousal expenses from an organization that:

(1) Has, or is seeking to obtain, contractual or other business or financial relations with the Department.

(2) Conducts operations or activities that are regulated by the Department.

(3) Is engaged, either as principal or attorney, in proceedings before the Department or in court proceedings in which the United States is an adverse party.

(4) Has interests that may be substantially affected by the performance or nonperformance of the employee's official duties.

[Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–15 Employee indebtedness.

The Department of Justice considers the indebtedness of its employees to be essentially a matter of their own concern. The Department of Justice will not be placed in the position of acting as a collection agency or of determining the validity or amount of contested debts. Nevertheless, failure on the part of an employee without good reason and in a proper and timely manner to honor debts acknowledged by him to be valid or reduced to judgment by a court or to make or to adhere to satisfactory arrangements for the settlement thereof may be the cause for disciplinary action. In this connection each employee is expected to meet his responsibilities for payment of Federal, State, and local taxes.

§ 45.735–16 Misuse of Federal property.

No employees may use Federal property for other than officially approved activities. Each employee is responsible for protecting and conserving Federal property, including equipment and supplies.

§ 45.735–17 Gambling, betting, and lotteries.

No employee shall participate, while on Government property or while on duty for the Government, in the operation of gambling devices, in conducting an organized lottery or pool, in games for money or property, or in selling or purchasing numbers tickets.

§ 45.735–18 [Reserved]

§ 45.735–19 Partisan political activities.

(a) While certain political activities are prohibited by the criminal statutes of the United States (see 18 U.S.C. Chapter 29), the basic restrictions on political activity of employees are set forth in 5 U.S.C. 7321–7328.

(b) Most employees are subject to both statutory and Civil Service restrictions upon partisan political activities although employees of the Federal Government in some geographical areas may take part in certain local political activities. Employees have the right to vote as they choose and to express opinions on political subjects and candidates. Detailed information may be obtained through administrative and personnel offices.

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 383–67, 32 FR 13217, Sept. 19, 1967; Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–21 Miscellaneous statutory provisions.

Each employee should be aware of the following statutory prohibitions against:

(a) Lobbying with appropriated funds (18 U.S.C. 1913).

(b) Disloyalty and striking (5 U.S.C. 7311, 18 U.S.C. 1918).

(c) Employment of a member of a Communist organization (50 U.S.C. 784).

(d) (1) Disclosure of classified information (18 U.S.C. 798, 50 U.S.C. 783); and (2) disclosure of confidential information (18 U.S.C. 1905).

(e) Habitual use of intoxicants to excess (5 U.S.C. 7352).

(f) Misuse of a Government vehicle (31 U.S.C. 638a).

(g) Misuse of the franking privilege (18 U.S.C. 1719).

(h) Use of deceit in an examination or personnel action in connection with Government employment (18 U.S.C. 1917).

(i) Fraud or false statements in a Government matter (18 U.S.C. 1001).

(j) Mutilating or destroying a public record (18 U.S.C. 2071).

(k) Counterfeiting and forging transportation requests (18 U.S.C. 508).

(l)(1) Embezzlement of Government money or property (18 U.S.C. 641); (2) failing to account for public money (18 U.S.C. 643); and (3) embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

(m) Unauthorized use of documents relating to claims from or by the Government (18 U.S.C. 285).

(n) Acting as the agent of a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

(o) Engaging in violation of merit system principles (5 U.S.C. 2301).

(p) Engaging in prohibited personnel practices (5 U.S.C. 2302).

[Order No. 350-65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 383-67, 32 FR 13217, Sept. 19, 1967; Order No. 960-81, 46 FR 52358, Oct. 27, 1981]

§ 45.735-22 Reporting of outside interests by persons other than special Government employees.

(a) Each employee occupying a position designated in paragraph (c) of this section, and who is not required to submit a financial disclosure report under § 45.735-27 of this title, shall submit to the head of his division a statement on a form made available through the appropriate division administrative office, setting forth the following information:

(1) A list of the names of all corporations, companies, firms, or other business enterprises, partnerships, nonprofit organizations, and educational or other institutions with or in which he, his spouse, minor child or other member of his immediate household has—

(i) Any connection as an employee, officer, owner, director, member, trustee, partner, adviser or consultant; or

(ii) Any continuing financial interest, through a pension or retirement plan, shared income, or other arrangement as a result of any current or prior employment or business or professional association; or

(iii) Any financial interest through the ownership of stock, stock options, bonds, securities, or other arrangements including trusts, except those financial interests described in § 45.735-5(b).

(2) A list of the names of his creditors and the creditors of his spouse, minor child or other member of his immediate household, other than those creditors to whom any such person may be indebted by reason of a mortgage on property which he occupies as a personal residence or to whom such person may be indebted for current and ordinary household and living expenses such as those incurred for household furnishings, an automobile, education, vacations or the like.

(3) A list of his interests and those of his spouse, minor child or other member of his immediate household in real property or rights in lands, other than property which he occupies as a personal residence.

For the purpose of this section "member of his immediate household" means a resident of the employee's household who is related to him by blood.

(b) Each employee designated in paragraph (c) of this section who enters upon duty after the date of this order, and who is not required to submit a financial disclosure report under § 45.735-27 of this title, shall submit such statement not later than 30 days after the date of his entrance on duty or 90 days after the effective date of this order, whichever is later.

(c) Statements of employment and financial interest are required of the following employees:

(1) Office of the Attorney General:

Counsellor
Special Assistants
Special Counsels

(2) Office of the Deputy Attorney General:

Associate Deputy Attorneys General
Executive Assistant

(3) Office of the Associate Attorney General:

Deputy Associate Attorneys General
Special Assistants

(4) Office of the Solicitor General:

Tax Assistant

(5) Office of Legal Counsel:

Deputy Assistant Attorneys General

(6) Office of Legal Policy:

Deputy Assistant Attorneys General

(7) Office of Legislative Affairs:

Deputy Assistant Attorneys General
Chief, Legislative and Legal Section

(8) Justice Management Division:

Deputy Assistant Attorneys General
Staff Directors
Administrative Counsel

(9) Office of Professional Responsibility:

Counsel on Professional Responsibility
Deputy Counsel
Assistant Counsels

(10) Community Relations Service:

Deputy Director
Associate Director
Chief Counsel
Regional Directors

(11) Antitrust Division:

Deputy Assistant Attorney General
Director of Economic Policy Office
Director of Operations
Deputy Director of Operations
Director, Policy Planning Office
Section Chiefs
Field Office Chiefs

(12) Civil Division:

Deputy Assistant Attorney General
Section Chiefs

(13) Civil Rights Division:

Deputy Assistant Attorneys General
Special Assistants
Executive Officer
Section Chiefs
Director(s) of Offices

(14) Criminal Division:

Deputy Assistant Attorneys General
Section Chiefs

(15) Land and Natural Resources Division:

Deputy Assistant Attorneys General
Section Chiefs

(16) Tax Division:

Deputy Assistant Attorneys General
Section Chiefs

(17) Federal Bureau of Investigation:

Assistant Director, Administrative Services Division

(18) National Institute of Corrections (Bureau of Prisons):

Director, National Institute of Corrections
Employees classified at GS-13 or above who are in positions involving: (i) Contracting or procurement, or (ii) administering, auditing or monitoring grants and contracts

(19) Drug Enforcement Administration:

Assistant Administrators
Office Directors
Chief Counsel
Chief Inspector
Controller
Laboratory Directors
Regional Directors
Chief, Administrative Services Division
Contract and Procurement Officer
Contract Specialists, GS-13 and above
Chief, Compliance Division
Section Chiefs, Compliance Division
Project Officer, GS-13 and above

(20) Immigration and Naturalization Service:

Associate Commissioner, Management
Assistant Commissioner, Administration
Regional Commissioners
Deputy Regional Commissioners
Associate Deputy Regional Commissioners, Management

(21) Office of Justice Assistance, Research and Statistics:

Assistant Directors
Special Assistants to the Director and the Assistant Directors
General Counsel
Administrator, Law Enforcement Assistance Administration
Administrator, Office of Juvenile Justice and Delinquency Prevention
Director, National Institute of Justice
Director, Bureau of Justice Statistics
All Deputy Administrators of the above offices
Employees classified at GS-13 or above who are in positions involving: (i) Contracting

or procurement, or (ii) administering, auditing or monitoring grants and contracts.

(22) United States Marshals Service:

Director
Deputy Director
United States Marshals

(d) Changes in, or additions to, the information contained in an employee's statement of employment and financial interests shall be reported in a supplementary statement as of June 30 each year. If no changes or additions occur, a negative report is required. Notwithstanding the filing of the annual report required by this section, each employee shall at all times avoid acquiring a financial interest that could result, or taking an action that would result, in a violation of the conflict-of-interest provisions set forth in this part.

(e) If any information required to be included on a statement of employment and financial interests or supplementary statement, including holdings placed in trust, is not known to the employee but is known to another person, the employee shall request that other person to submit information in his behalf.

(f) Paragraph (a) of this section does not require an employee to submit any information relating to his connection with, or interest in, a professional society or a charitable, religious, social, fraternal, recreational, public service, civic, or political organization or a similar organization not conducted as a business enterprise. For the purpose of this section, educational and other institutions doing research and development or related work involving grants of money from or contracts with the Government are deemed "business enterprises" and are required to be included in an employee's statement of employment and financial interests.

(g) The Department shall hold each statement of employment and financial interests in confidence, and each statement shall be maintained in confidential files in the immediate office of the division head. Each division head shall designate which employees are authorized to review and retain the statements and shall limit such designation to those employees who are his immediate assistants. Employees so designated are responsible for maintaining the statements in confidence and shall not allow access to, or allow information to be disclosed from, a statement except to carry out the purpose of this part. The Department may not disclose information from a statement except as the Civil Service Commission or the Associate Attorney General may determine for good cause. Upon termination of the employment in the Department of any person subject to this section, statements which he has submitted in accordance with paragraph (a) of this section shall be disposed of in accordance with established Department procedures applicable to confidential records. In the event an employee subject to this section is transferred within the Department, statements which he has filed pursuant to paragraph (a) of this section shall be transferred to the head of the division to which the employee is reassigned.

(h) The statements of employment and financial interests and supplementary statements required of employees are in addition to, and not in substitution for, or in derogation of, any similar requirement imposed by law, order or regulation. The submission of a statement by an employee does not permit him or any other person to participate in a matter in which his or the other person's participation is prohibited by law, order, or regulation.

(i) Any employee who believes that his position has been improperly determined to be subject to the reporting requirements of § 45.735–22 may obtain review of such determination through the grievance procedure set forth in 28 CFR Part 46 [At 36 FR 12096, June 25, 1971, 28 CFR Part 46 was removed].

(28 U.S.C. 509, 510)

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 383–67, 32 FR 13217, Sept. 19, 1967; Order No. 412–69, 34 FR 5726, Mar. 27, 1969; Order No. 653–76, 41 FR 27317, July 2, 1976; Order No. 699–77, 42 FR 15315, Mar. 21, 1977; Order No. 732–77, 42 FR 35970, July 13, 1977; Order No. 899–80, 45 FR 43703, June 30, 1980; Order No. 960–81, 46 FR 52358, Oct. 27, 1981]

§ 45.735–23 Reporting of outside interests by special Government employees.

(a) A special Government employee shall submit to the head of his division a statement of employment and financial interests which reports: (1) All other employment, and (2) those financial interests which the head of his division determines are relevant in the light of the duties he is to perform.

(b) A statement required under this section shall be submitted at the time of employment and shall be kept current throughout the period of employment by the filing of supplementary statements in accordance with the requirements of § 45.735–22(d). Statements shall be on forms made available through division administrative officers.

(c) This section shall not be construed as requiring the submission of information referred to in § 45.735–22(f).

(d) Paragraphs (g) and (h) of § 45.735–22 shall be applicable with respect to statements required by this section.

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 383–67, 32 FR 13218, Sept. 19, 1967]

§ 45.735–24 Reviewing statements of financial interests.

(a) The head of each division shall review financial statements required of any of his subordinates by §§ 45.735–22 and 45.735–23 to determine whether there exists a conflict, or possibility of conflict, between the interests of a subordinate and the performance of his service for the Government. If the head of the division determines that such a conflict or possibility of conflict exists, he shall consult with the subordinate. If he concludes that remedial action should be taken, he shall refer the statement to the Associate Attorney General, through the Department Counselor, with his recommendation for such action. The Associate Attorney General, after such investigation as he deems necessary, shall direct appropriate remedial action if he deems it necessary.

(b) Remedial action may include, but is not limited to:

(1) Changes in assigned duties.

(2) Divestment by the employee of his conflicting interest.

(3) Disqualification for a particular action.

(4) Exemption pursuant to § 45.735–5.

(5) Disciplinary action.

[Order No. 350–65, 30 FR 17202, Dec. 31, 1965, as amended by Order No. 699–77, 42 FR 15315, Mar. 21, 1977]

§ 45.735–25 Supplemental regulations.

The heads of divisions may issue supplemental and implementing regulations not inconsistent with this part.

§ 45.735–26 Designated Agency Ethics Official.

(a) The Assistant Attorney General for Administration is the "designated agency ethics official" (DAEO) for this Department. Each division head is directed to nominate an individual to be designated by the DAEO as a Deputy DAEO for the component under the division head's supervision.

(b) In addition to the duties listed in 5 CFR 738.203, the DAEO shall provide for the regular distribution of conduct regulations to employees, and otherwise assist the Offices, Boards and Divisions in meeting their responsibilities under this part.

(c) Each Deputy DAEO, under the general supervision and guidance of the DAEO, shall have responsibility for coordinating and managing the Department's Ethics Program within his or her component, including the education and counselling of employees on matters of conduct and professional ethics.

(d) Each Deputy DAEO, within his or her component, shall:

(1) Assist in the review and certification of public financial disclosure statements filed under the Ethics in Government Act of 1978 as required by 28 CFR 45.735–27(d);

(2) Assist in the review and certification of any confidential financial disclosure reports filed by employees;

(3) Counsel employees with regard to actual or potential conflicts of interest and other ethical standards;

(4) Counsel departing and former employees on post-employment conflicts of interest standards;

(5) Provide training and education in standards of conduct for all employees;

(6) Provide for the efficient dissemination, collection and review of public and confidential financial disclosure statements required by the Ethics in Government Act of 1978 and regulations published thereunder;

(7) Report annually to the DAEO any circumstances or situations which have resulted or may result in noncompliance with ethics laws and regulations;

(8) Assist the division head in taking prompt and effective action, including administrative action, to remedy:

(i) Violations or potential violations, or appearances thereof, of the Department's standards of conduct, including post-employment regulations;

(ii) The failure to file a financial disclosure report or portions thereof;

(iii) Potential or actual conflicts of interest, or appearances thereof, which were disclosed on a financial disclosure report; and

(iv) Potential or actual violation of other laws governing the conduct or financial holdings of officers or employees of the Department;

(9) Assist the division head in ensuring that ordered remedial actions, including divestiture and disqualification, are actually taken; and

(10) Perform other duties as required by the DAEO, the Attorney General, or, when appropriate, the Office of Government Ethics.

(e) Each division head will notify the DAEO when that division's Deputy DAEO is no longer able to serve and will nominate a new Deputy DAEO to be appointed by the DAEO.

[Order No. 960-81, 46 FR 52359, Oct. 27, 1931, and Order No. 1045-84, 49 FR 5921, Feb. 16, 1984]

§ 45.735-27 Public financial disclosure requirements.

(a) *Persons required to file.* (1) Except as provided in paragraph (a)(2) of this section, the following persons must file a public financial disclosure report as required by Title II of the Ethics in Government Act of 1978:

(i) Each employee in the Department of Justice whose salary is fixed under Subchapter II of Chapter 53 of Title 5, United States Code (the Executive Schedule);

(ii) Each employee whose position is classified at GS-16 or above of the General Schedule prescribed by 5 U.S.C. 5332 or whose salary is required by law to be established at the minimum rate of basic pay for level GS-16 or above of the General Schedule;

(iii) Each United States Attorney;

(iv) Each Assistant United States Attorney occupying a supervisory position whose optimum pay level is established at the equivalent of the minimum rate of basic pay for GS-16 or above and who is actually compensated at a rate of pay equal to or greater than the minimum rate of basic pay for GS-16.

(v) Each employee appointed pursuant to section 3105 of Title 5, United States Code (Administrative Law Judges);

(vi) Each employee who is in a position which is excepted from the competitive service because it is of a confidential or policy-making character (Schedule C), as set forth in 5 CFR 213.3310 [1], and who has a role in advising or making policy determinations with respect to agency programs or policies. Schedule C employees having policy-making roles, such as Special Assistants to the head of a division, must file a report under this provision, but Schedule C employees who do not have a policy role, such as chauffeurs, private secretaries, and stenographers, need not;

(vii) Any other employee (other than an Assistant United States Attorney or an employee compensated under the General Schedule), including a special government employee, paid at a rate equal to or greater than the minimum rate of basic pay established for level GS-16 of the General Schedule; and

(viii) Any person nominated by the President to a position described in paragraphs (a)(1)(i) through (a)(1)(vii) of this section appointment to which requires the advice and consent of the Senate.

[1] Section 213.3310 was superseded by a document published at 46 FR 20147, Apr. 3, 1981, revising Part 213 in its entirety.

Financial Disclosure Report

Form Approved OMB No. 3209-0002

Reporting Status (Check Appropriate Box)	Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
[X] New Entrant, Nominee, or Candidate [ ] Termination Filer			February 25, 1987	

Reporting Individual's Name	Last Name	First Name and Middle Initial
	MEESE	EDWIN III

Position for Which Filing	Title of Position	Department or Agency (If Applicable)
	ATTORNEY GENERAL	DEPARMENT OF JUSTICE

Present Office	Address (Number, Street, City, State and ZIP Code)	Telephone No. (Include Area Code)
	ROOM 5111 10th & CONSTITUTION AVENUE, N.W., WASH., DC 20530	(202) 633-2001

	Title of Position(s) and Date(s) Held
12	

Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	[ ] Yes [ ] No

	Signature of Reporting Individual	Date (Month, Day, Year)
	Edwin Meese III	JUNE 15, 1987
	Signature of Other Reviewer	Date (Month, Day, Year)
Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
	Signature	Date (Month, Day, Year)

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Continuation of Previously Omitted Information (If additional space is required, use the reverse side of this sheet)

Note: Entries marked with initials "L&D" were added per conversation with Judith N. Richardson, Jr., Assistant to the Attorney General and Chief of Staff, on June 29, 1987.
Linda A. Dougherty

Note: Entries marked with initials "JR" were made by John N. Richardson, Jr.

(Check box if comments are continued on the reverse side) [ ]

Form Approved OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
MEESE, EDWIN III				

All Filers: In BLOCK A report (a) the [illegible] for the production [illegible] of the reporting [illegible] market value exceeding $1000 at the close of any other asset [illegible] generated over [illegible] reporting period. [illegible] to any banks, bank [illegible] mutual funds, [illegible] of certain [illegible] business [illegible]. Exclude [illegible] you rent it [illegible] on bank [illegible]

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

[illegible] source	BLOCK B Valuation of Assets: Category of Value (X)								BLOCK C Income: Type of Income (X)							BLOCK C Income: Category of Amount of Income (X)									Actual Amount Only If "Other" Specified	Date (Mo., Day, Yr.) Only If Honoraria	BLOCK D Transactions Test	
[illegible] your	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	$500,001-$1,000,000	Over $1,000,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			If yes, complete Schd. B Part I for these assets including those sold for a loss.	
			X						X									X								YES	NO
[illegible]tem, USA			X												ptnrship income									$50,000		X	
Santa Fe Southern Pacific		X							X								X										X
Los Angeles Housing Authority Bonds			X								X						X										X
National Permanent Federal Savings and Loan Accounts				X							X							X									X
White House Federal Credit Union Accounts			X								X							X									X
Multiple Sclerosis Society															Consulting Fee												
Pension Entitlement, Public Employees Retirement System				X												X											X
State of California																											
Pension Entitlement, Alameda Co., CA, Retirement Board				X												X											X
Pension Entitlement, TIAA-CREF (Univ. of San Diego)				X												X											X
Financial Mgmt. International, Inc. (limited blind partnership)					X										Partnership Income									$10,973			X

SF 278 (Rev. 6/95)
Office of Government Ethics
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number		Schedule A
Haase, EDWIN III			3	

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or business enterprise which generated over $1,000 in income during the reporting period. Assets include, but are not limited to, employment pension funds, tax shelters, bank accounts, real property, mutual funds, stocks, bonds, certain trusts, certain futures; personal business interests. Exclude assets unless you rent it [illegible] rules on bank accounts.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

[illegible] Sources	BLOCK B Valuation of Assets							BLOCK C Income																		BLOCK D Transactions Test	
[illegible] income source and your [illegible] DC), [illegible]	Category of Value (X)							Type of Income (X)							Category of Amount of Income (X)											If yes, complete Schd. B Part I for these assets including those sold for a loss.	
	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$1,000,000	Over $1,000,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
[illegible] Hometown, USA		X						X									X									X	
First Interstate Bank IRA Account			X							X				partnership income										$80,000			
First Interstate Bank IRA Account			X							X							X										X
Affiliated Fund - Publicly Traded, widely diversified investment fund [illegible]																X											X
Safeway Stores	X							X							X												X
Sterling Drug	X							X							X												X
Keystone Custodian Funds	X							X							X												X

Inadvertently omitted from previous Reports

Publicly Traded, widely diversified investment fund [illegible] Inadvertently omitted from previous Reports

Reporting Individual's Name
MEESE, EDWIN III

Page Number	4	Schedule B

Part I Transactions

Transaction Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE [X]

Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
	Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
[redacted]	X			2/1/83		X			

[redacted] and Travel Expenses

[redacted] Filers only: [redacted] description and the value of: (1) lodging, food or entertainment received from one source totalling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE [ ]

	Source (Name and Address)	Brief Description	Value
[redacted]	Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$600
[redacted]	Collectors, NY, NY	Leather briefcase for retiring president	$125
S	Council for National Policy*	Lodging for Mr. and Mrs. Meese and travel for Mrs. Meese, February, 1986	$ 2,233
S	American Friends of Tel Aviv University*	Travel, lodging and food for Mr. and Mrs. Meese, May 1986	$ 4,480
S	Hoover Institution*	Lodging and food, July, 1986	$ 1,225
S	Boys Clubs of America*	Lodging for Mr. and Mrs. Meese and travel for Mrs. Meese, December, 1986	$ 961
S	American Medical Association	Travel for Mrs. Meese, December, 1986	$ 598
	United Jewish Appeal Federation*	Lodging, December, 1986	$ 350

*Tax exempt under §501(c)(3) of the Code

Reporting Individual's Name

MEESE, EDWIN III

Page Number	5	Schedule B

Part I Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☒

	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)						
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
[redacted]	IDS Common	X			2/1/83			X			
1											
2											
3											
4											
5											
6											

[redacted] and Travel Expenses

Termination Filers only: Report the brief description and the value of: (1) gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
[redacted]	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
[redacted]	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
I	The Economic Club of New York New York, N.Y.	Crystal Apple** (Note: This item has been returned to donor)	$ 250
II	Mr. Marshall Coyne (personal friend) Washington, D.C.	Set of eight plates with birds	$ 800
III	Dr. and Mrs. James Holderman (personal friends) Columbia, S.C.	Crystal Eagle	$1,000
4	Various Officials in Pakistan *	Small rug, coffee table, two shields, daggar and pair of sandals presented during visit to Pakistan	$ 185
5	Various Officials in Israel *	Three books and an oil lamp presented during visit to Israel	$ 195
6	Various Officials in Italy *	Leather notebook, two books, bronze plaque and a medallion during visit to Italy	$ 250

[redacted] Given in various presentations

Form Approved
OMB No. 3206-0082

Page Number	6	Schedule C

Reporting Individual's Name

MEESE, EDWIN III

Part I

Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE [X]

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
[redacted]		Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs.			X		
[redacted]	First District Bank, Washington, DC	Promissory note	1979	10%	on demand	X				
[redacted]	John Jones, 123 J St., Washington, DC									
1										
2										
3										
4										
5										
6										

[redacted] Arrangements

[redacted] agreements or arrangements for [redacted] of absence, continuation of pay- [redacted] (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE [ ]

[redacted]	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
[redacted]	[redacted] ership agreement, will receive capital account & [redacted] calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/75 ptnership agmnt.
	Vested pension rights	Alameda County, California Retirement Board	Jan. 1967
	Vested pension rights	Public Employees Retirement System, State of California	Jan. 1975
	Vested pension rights	TIAA-CREF (Univ. of San Diego)	Jan. 1981

Reporting Individual's Name
MEESE, EDWIN III

Page Number	7	Schedule D

Part I
Positions Held Outside U.S. Government

...positions held during the applicable ... positions include but are not limited to ... director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
[redacted] Book Collectors, NY, NY	Non-profit education	President	6/83	6/83
[redacted], Hometown, USA	Law firm	Partner	7/79	11/83
Ronald Reagan Presidential Foundation	Non-profit education	Trustee and Vice Chairman	March, 1985	Present

[redacted] Of $5000

...s only: Report sources of such ... you or your business affiliation for ... you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
[redacted], Hometown, USA	Legal services
[redacted] of Dos ...ines & Smith) Hometown, USA	Legal services in connection with university construction
[redacted] Not applicable	

Financial Disclosure Report

Reporting Status (Check Appropriate Box)			Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
[X] Incumbent	[ ] New Entrant, Nominee, or Candidate	[ ] Termination Filer		SEP 29 1986	25 February 1985	

Reporting Individual's Name	Last Name: MEESE	First Name and Middle Initial: EDWIN III
Position for Which Filing	Title of Position: Attorney General	Department or Agency (If Applicable): Department of Justice
Location of Present Office	Address (Number, Street, City, State and ZIP Code): Room 5111, Tenth St. and Constitution Ave., NW Washington, D.C. 20530	Telephone No. (Include Area Code): (202) 633-2001
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Counsellor to the President, 21 January 1981 to 25 February 1985	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust? [ ] Yes [ ] No

Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Signature of Reporting Individual: Edwin Meese III	Date (Month, Day, Year): 19 June 1986
Other Review (If desired by agency)	Signature of Other Reviewer: [illegible]	Date (Month, Day, Year): 3 July 1986
Agency Ethics Official's Opinion: In my opinion, the information contained in this report discloses no conflict of interest under applicable laws and regulations.	Signature of Designated Agency Ethics Official/Reviewing Official: N. Lawrence Wallace	Date (Month, Day, Year): 1 July 1986
Office of Government Ethics Use Only	Signature:	Date (Month, Day, Year):

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) [ ]

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Reporting Individual's Name: MEESE, EDWIN III

Assets and Income

Page Number: 2 | Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain commodities futures, personal business and partnership interests. Exclude personal residence unless you rent it. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets							BLOCK C Income																		BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)							Type of Income (X)							Category of Amount of Income (X)									Actual Amount Only If "Other" Specified	Date (Mo., Day, Yr.) Only If Honoraria	If yes, complete Schd. B Part I for those assets including those sold for a loan.	
	None (or less than $1001)	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
Example: X Y Z Common				X				X									X									X	
Example: Doe Jones & Smith, Hometown, USA			X																								
JT S AT & T		X						X						partnship income		X							$58,000			
DC Allis-Chalmers Manufacturing	X							X							X										X	
S Central Banking System	X							X							X										X	
S Central Illinois Public Service		X						X								X									X	
S Consolidated Edison of New York		X						X								X									X	
S Consumers Power	X							X							X										X	
S Exxon			X					X								X									X	
S Monarch Machine Tool		X						X								X									X	
S Niagara Mohawk Power	X							X							X										X	
JT S Safeway Stores		X						X								X									X	

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Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number		Schedule
MEESE, EDWIN III			3	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets								BLOCK C Income																BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐			Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)										If yes, complete Schd. B Part I for those assets including those sold for a loss.	
			None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	$500,001-$1,000,000	Over $1,000,000	Dividends	Rent	Interest	Capital Gains	Exempted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
S DC	Examples	X Y Z Common			X						X									X								X	
		Doe Jones & Smith, Hometown, USA		X													ptnrshp income									$50,000			
1 S	Santa Fe Southern Pacific			X							X								X										X
2 C	Southern California Edison (pref.)			X							X							X										X	
3 S	Sterling Drug			X							X								X									X	
4 S	Texaco			X							X								X									X	
5 S	AT & T Bond		X										X					X										X	
6 S	Arkansas Power and Light Bond		X										X					X										X	
7 S	Columbia Gas System Bond		X										X					X										X	
8 S	Los Angeles Housing Authority Bonds				X								X						X										X
9 S	New York Telephone Bond		X										X					X										X	
10 S	Pacific Gas and Electric Bond		X										X					X										X	

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Reporting Individual's Name: MEESE, EDWIN III

Assets and Income

Page Number: 4

Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain "trusts", commodities futures, personal business and partnership interests. Exclude personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets							BLOCK C Income																	BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐			Category of Value (X)							Type of Income (X)							Category of Amount of Income (X)											If yes, complete Schedule B Part I for those assets including those sold for a loss.	
			None (or less than $1001)	$1,001-$8,000	$8,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only If "Other" Specified	Date (Mo., Day, Yr.) Only If Honoraria	YES	NO
S or DC	Example	X Y Z Common Doe Jones & Smith, Hometown, USA			X	X				X						partship income			X						$50,000		X	
1 S	Southern California Edison Bonds			X								X						X									X	
2 S	Southwestern Bell Telephone Bond		X									X					X										X	
S	Keystone Custodian Funds				X					X			X						X								X	
97 S	National Permanent Federal Savings and Loan Accounts					X						X							X									X
5	White House Federal Credit Union Accounts				X							X							X									X
6 S	Multiple Sclerosis Society															Consulting fee												
7	Pension Entitlement, Public Employees Retirement System, State of California					X											X											X
8	Pension Entitlement, Alameda Co., CA., Retirement Board					X											X											X
9	Pension Entitlement, TIAA-CREF (Univ. of San Diego)					X											X											X
10 S	William Moss Institute															Consulting fee												

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Reporting Individual's Name

MEESE, EDWIN III

Assets and Income

Page Number 5 | Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A — Assets & Income Sources

Identify each asset and income source of yours, your spouse(S) and your dependent child (DC).

NONE ☐

S or DC	Examples	BLOCK B: Category of Value (X) None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	BLOCK C: Type of Income (X) Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	Category of Amount of Income (X) None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only If "Other" Specified	Date (Mo., Day, Yr.) Only If Honoraria	BLOCK D: If yes, complete Schd. B Part I for those assets including those sold for a loss. YES	NO
	X Y Z Common			X				X																		
	Doe Jones & Smith, Hometown, USA		X											ptnrshp income			X							X	
S	Ameritech		X					X							X								$50,000			
S	Bell Atlantic		X					X							X										X	
S	Bell South		X					X							X										X	
S	NYNEX		X					X							X										X	
S	Pacific Telesis		X					X							X										X	
S	SW Bell		X					X							X										X	
S	US West		X					X							X										X	
	Financial Management International, Inc. (limited partnership)				X			X											X						X	

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Reporting Individual's Name

MEESE, EDWIN III

Page Number	6	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

	Ex.	Identification of Asset	Type of Transaction (X)				Amount of Transaction (X)						
			Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000		
1		XYZ Common	X			2/1/83			X				
2		AT&T		X		5/24/85	X						
3	S	Allis-Chalmers Manufacturing		X		5/23/85	Less than $1,001						
4		Central Banking System		X		5/23/85	Less than $1,001						
5	S	Central Illinois Public Service		X		5/23/85	X						
6	S	Consolidated Edison of New York		X		5/23/85	X						
7	S	Consumers Power		X		5/23/85	Less than $1,001						

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) and gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
8	Example: Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$600
	Example: Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1	Shih-Chieh Hung Oakland, California	Original oil painting of Mr. Meese	$1,500
2	Boosters Clubs of America	Tennis shirt, shorts and shoes	$144
3	San Diego Industry-Education Council San Diego, California	Eagle mounted on wooden base	$150
4	Christian Legal Society Los Angeles, California	Plaque	$151
5	Northwestern University School of Law Chicago, Illinois	Initialed leather portfolio	$140
6	Mrs. Theodore Cummings (personal friend) Beverly Hills, California	Jade sculpture of horses and crystal figure of elephant	$675

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Reporting Individual's Name

MEESE, EDWIN III

Page Number	7	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

	Identification of Assets (X Y Z Common)	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
Example	X			2/1/83			X			
	Exxon		X		5/23/85		X			
2 S	Monarch Machine Tool		X		5/23/85	X				
3 S	Niagara Mohawk Power		X		5/23/85	Less than $1,001				
4 S	Safeway Stores		X		5/23/85	X				
5 S	Southern California Edision (pref.)		X		5/23/85	X				
6 S	Sterling Drug		X		5/23/85	X				

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only: Report the source, a brief description and the value of: (1) kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
5 Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1 S	St. Louis Bar Foundation St. Louis, Missouri	Travel for Mrs. Meese and lodging for Mr. and Mrs. Meese, July, 1985	$450
2	Ronald Gamba (personal friend) Oakland, California	Framed silkscreen	$275
3	The Honorable Robert Badinter, Minister of Justice, Paris, France	Bronze medallion	$100
4	Dr. and Mrs. James Holderman (personal friends) Columbia, South Carolina	Framed print of eagle and crystal eagle	$650
5	Harvard University Cambridge, Massachusetts	Lodging while attending meetings of Executive Session on Community Policing during March, 1985 and October, 1985.	$984
6	ABA Fund for Public Education Chicago, Illinois	Lodging while attending American Bar Association annual meeting in London during July, 1985	$2,912

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Form Approved
OMB No. 3209-0007

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Reporting Individual's Name

MEESE, EDWIN III

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Exam ple	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$8,000	$8,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
		XYZ Common	X			3/1/83			X			
		Texaco		X		5/23/85	X					
S		AT & T Bond		X		5/24/85	Less than $1,001					
		Arkansas Power and Light Bond		X		5/23/85	Less than $1,001					
		Columbia Gas System Bond		X		5/23/85	Less than $1,001					
S		Keystone Custodian Funds		X		5/23/85		X				
S		New York Telephone Bond		X		5/23/85	Less than $1,001					

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) all gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
S	Exam ple: Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Exam ple: Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1	Institute for Contemporary Studies San Francisco, California	Lodging, February, 1985	$257
2	John M. Ashbrook Center for Public Affairs Ashland College, Ashland, Ohio	Travel for Mr. and Mrs. Meese	$620
3	Illinois Institute for Continuing Legal Education Chicago, Illinois	Lodging, October, 1985	$303
4			
5			
6			

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Reporting Individual's Name

MEESE, EDWIN III

Page Number	9	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets (*X Y Z Common)	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
		*X Y Z Common	X			2/1/83			X			
1		Pacific Gas and Electric Bond		X		5/23/85	Less than $1,001					
		Southern California Edison Bonds		X		5/23/85	X					
2		Southwestern Bell Telephone Bond		X		5/23/85	Less than $1,001					
3 JT	S	Ameritech		X		5/24/85	X					
4 JT	S	Bell Atlantic		X		5/24/85	X					
5 JT	S	Bell South		X		5/24/85	X					
6												

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☒

S	Example	Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
1		Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
2				
3				
4				
5				
6				

PREVIOUS EDITION USABLE

278-100

5 CFR (Rev. 1/85)
Part Chapter 734
by 5 Office of Personnel Management

Form Approved
OMB No. 3209-0007

Reporting Individual's Name
MEESE, EDWIN III

Page Number	10	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

	S	Exempt	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
1		F	*X Y Z Common	X			2/1/83			X		
2			YNEX		X		5/24/85	X				
3	JT		Pacific Telesis		X		5/24/85	X				
4	JT	S	SW Bell		X		5/24/85	X				
5	JT	S	US West		X		5/24/85	X				
6			Financial Management International, Inc.	X			5/23/85			X		
7												

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☒

	S	Exempt	Source (Name and Address)	Brief Description	Value
1		Exempt	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 8/15/83	$500
2			Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
3					
4					
5					
6					

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370-106

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SF 278 (Rev. 1/80)
Filed On Jan. 31st
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name	Page Number		Schedule
MEESE, EDWIN III		11	C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
Jan.	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs.			X		
Jan.	John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
	Dickstein, Shapiro and Morin, Washington, D.C. E. Robert Wallach, Esq., San Francisco, California	Legal fees and expenses	1984							X*
2	*NOTE: Liability satisfied pursuant to order of D.C. Circuit Court of Appeals under the provisions									
3	of 28 U.S.C. 593(g). By prior agreement the law firms have accepted the court award as full									
4	satisfaction of the obligation.									
5										
6										

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example:	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/78 ptnership agmnt.
	Vested pension rights	Alameda County, California Retirement Board	Jan. 1967
	Vested pension rights	Public Employees Retirement System, State of California	Jan. 1975
	Vested pension rights	TIAA-CREF (University of San Diego)	Jan. 1981

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Reporting Individual's Name

MEESE, EDWIN III

Page Number	12	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/82	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/78	11/83
	onald Reagan Presidential Foundation	Non-profit education	Trustee and Vice Chairman	March, 1985	Present

Part II
Compensation In Excess Of $5000
Paid by One Source

Nominees and New Entrants Only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

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MEMORANDUM OF AGREEMENT

This memorandum records the following agreement between the Department of Justice (DOJ) and the Office of Government Ethics (OGE) relating to the responsibility of rendering formal advisory opinions with which the Director, OGE, is charged by section 402(b)(8) of the Ethics in Government Act of 1978, P.L. 95-521, as amended (the Act).

FIRST: That the functions of the Director, OGE, under §402(b)(8) of the Act include the rendering of formal written advisory opinions on matters of general applicability and important matters of first impression which involve the interpretation or application of any of the laws embodied in 18 U.S.C. 202-209 (conflict of interest laws).

SECOND: That the Director, OGE, shall consult with the Criminal Division, DOJ, before rendering an advisory opinion on an actual or apparent violation of any conflict of interest law. If after consultation the Criminal Division determines to undertake a criminal investigation, the Director shall not render an advisory opinion pending a determination by the Criminal Division not to prosecute.

THIRD: That if the Director, OGE, proposes to render an advisory opinion involving any conflict of interest law that in his judgment is an opinion on an important matter of first impression and if there has been no actual or apparent violation of such law in the matter, he shall consult with the Office of Legal Counsel, DOJ, before issuing the opinion.

FOURTH: That (a) any person who relies upon any provision or finding of an advisory opinion in accordance with subparagraph (b) and who acts in good faith in accordance with the provisions and findings of such opinion shall not, as a result of such act, be subject to prosecution under any conflict of interest law, and

(b) any advisory opinion rendered by the Director, OGE, under paragraph FIRST may be relied upon by (1) any person involved in the specific transaction or activity with respect to which such advisory opinion has been rendered and (2) any person involved in any specific transaction or activity which is indistinguishable in all its material aspects from the transaction or activity with respect to which such advisory opinion has been rendered.

This agreement shall be effective May 19, 1980.

Department of Justice
by John M. Harmon
title Asst. Atty. Gen.-OLC
date May 7, 1980
by Philip B. Heymann
title Asst. Atty. Gen. Crim. Div.
date May 17, 1980

Office of Government Ethics
by J. Jackson Walter
title Director
date April 24, 1980

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MARY BERRY GERKEN, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate
COMMITTEE ON
GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT
WASHINGTON, DC 20510-6250

April 30, 1987

The Honorable David H. Martin
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

Dear Mr. Martin:

The 1986 financial disclosure form of Attorney General Edwin Meese III indicates that Mr. Meese invested the bulk of his funds in a "limited blind partnership" shortly after his confirmation by the Senate. The Senate Subcommittee on Oversight of Government Management, which has oversight responsibility for the Ethics in Government Act, is seeking to determine the nature of this partnership and how it compares to blind trust arrangements provided by the Act. In order to facilitate our review of this matter, I would like your response to the following questions:

1. Has OGE reviewed Mr. Meese's financial disclosure forms since his confirmation as Attorney General? If so, were any questions raised by OGE staff, to the Justice Department, or to Mr. Meese regarding the nature of his "limited blind partnership?" Please specify the origin and nature of the questions as well as any responses.

2. Did the Designated Ethics Official at the Department of Justice raise any questions to OGE regarding Mr. Meese's "limited blind partnership?" If so, what were the questions and what was OGE's response?

3. Has OGE evaluated whether the "limited blind partnership" is a qualified vehicle for avoiding

financial conflicts of interest or their appearance under the Ethics in Government Act? If so, please provide a summary of OGE's evaluation and any decision on the matter.

4. Has OGE ever approved a "limited blind partnership" as a means of meeting the requirements of the Ethics in Government Act? If so, please provide a summary of the specific situation and financial arrangement. Could a "limited blind partnership" serve as a means of meeting the requirements of the Ethics in Government Act?

5. Did Mr. Meese seek advice or approval from OGE prior to establishing this "limited blind partnership?" If so, please provide a copy of any written memoranda and a summary of any oral advice given to Mr. Meese.

6. Has OGE qualified Mr. Meese's "limited blind partnership" as an appropriate vehicle for avoiding financial conflicts of interest or their appearance under the Ethics in Government Act? Is so, please provide a copy of the approval as well as a copy of the partnership agreement.

Please respond to these questions by May 8, 1987. Should you have any questions concerning this request, please contact Peter Levine of the Subcommittee staff at 224-3682.

Sincerely,

Carl Levin
Chairman

CL:pkl

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

MAY 11 1987

Honorable Carl Levin
Chairman, Subcommittee on
Oversight of Government Management
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510-6250

Dear Senator Levin:

This responds to your letter of April 30, 1987, concerning the 1986 financial disclosure form of Attorney General Edwin Meese III.

Answers to the questions involving his investment in a "limited blind partnership" follow:

(1) Mr. Meese has filed two public financial disclosure reports (SF-278) with OGE relating to his position as the Attorney General: a nomination report, which OGE approved on January 25, 1985, and a subsequent incumbent report for CY 1985, which was received by OGE on September 29, 1986. The Justice Department's Designated Agency Ethics Official, Mr. W. Lawrence Wallace, had approved the incumbent report on July 1, 1986. OGE's initial first level of review was done on November 17, 1986, within the 60 day review initiation period required by the Ethics in Government Act. The initial review done by the OGE management analyst raised several issues dealing primarily with the propriety of reported gifts and reimbursements on Schedule B. These matters were subsequently resolved. However, prior to the resolution of these issues, OGE received information raising questions regarding Mr. Meese's financial interest in the "blind limited partnership". Consequently, I have not yet certified the incumbent report nor has the second or third level review of the report been completed within OGE.

The financial interest in question - Financial Management International, Inc. (limited blind partnership) - reported on Schedule A, p. 5, line 8, is reported for the first time on the incumbent report. On April 28, 1987 I wrote to the Alternate Ethics Official at the Department of Justice and requested that she provide my Office with underlying documentation which establishes the character and nature of Mr. Meese's interests in Financial Management International, Inc. limited partnership. However, we have now been advised by the Department of Justice that they have undertaken a threshold investigation into questions involving Mr. Meese's financial holdings, pursuant to the Ethics in Government Act.

(2) The DAEO at the Department of Justice did not raise any questions with this Office regarding Mr. Meese's "limited blind partnership".

(3) The Ethics in Government Act contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office, and in some instances concurrence by the Department of Justice. Authority for these requirements may be found at section 202(f) of the Ethics in Government Act and 5 C.F.R. Part 734, Subpart D. The requirements, amplified by the language of model trust drafts which are circulated by this Office, include specific approval in advance by the Office of Government Ethics of the language of the proposed trust instrument, of the proposed trustee (who must be independent of the government official pursuant to statutory guidelines), and of the proposed initial assets of the trust. (Copies of the current model blind trust drafts are enclosed for your information).

We do not recognize "blind" arrangements created by a filer's own action. OGE Informal Advisory Opinion 84 x 8 dated June 4, 1984 (attachment A) discusses this principle.

(4) No "limited blind partnership" has been or could be approved under the statutory scheme as creating a qualified blind trust arrangement under the Ethics in Government Act. We view the use of a qualified trust as a very serious matter which under section 202(f)(4)(A) of the Act conveys extraordinary benefits on a government official and his immediate family by amoliorating conflicts of interest and standards of conduct concerns related to outside holdings which are attributable to them. In return for these benefits, strict rules including pre-clearance by this Office, are imposed under the Ethics Act and regulations thereunder which are closely enforced by this Office. It should be noted that the standards for public financial disclosure imposed by the Act are a separate issue from the substantive conflicts statutes and standards regulations. Under the disclosure rules, as interpreted in the instructions of SF-278, government officials "must provide sufficient information about these private entities [such as limited partnerships] to give reviewers of disclosure reports an adequate basis for the conflicts analysis required by the Act."

(5) Mr. Meese did not seek advice or approval from OGE prior to establishing this "limited blind partnership".

(6) As indicated earlier, we are not yet in receipt of the underlying documentation of the "limited partnership" and thus have not made any determinations regarding it.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

David H. Martin
Director

Enclosure

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

84 x 8

Letter to a DAEO dated 06/04/84

We have given serious thought to your letter of April 6, 1984 in which you seek to justify [an employee of your agency's] reporting of two trusts created for his dependent children as "excepted" trusts.

In the financial disclosure report [the employee] filed as a nominee in January 1981, he listed the assets of the two trusts and answered "no" to the question on Schedule A of SF 278 as to whether the trusts were "excepted". On February 2, 1981, [the employee] wrote [an attorney in a] law firm, giving him a power of attorney to convert one of the trusts into a blind trust for the period of his government service. In fact at the Hearings on his nomination, [the employee] told the Senate Committee on Finance that there were no problems on conflicts of interest since "I am going to be setting up a blind trust." [Citation Omitted]

In his annual financial disclosure reports for 1982 and 1983, [the employee] answered "yes" to the question about "excepted" trusts and did not list the assets of the trusts. It was this reversal of his previous response that raised our question about the validity of his claim to an "excepted" trust.

The Ethics in Government Act (the Act) contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office (5 C.F.R. § 734, Subpart D). It appears that it was [the employee's] intention to set up a blind trust when he wrote to [the attorney] in February 1981 and when he testified before the Senate Committee [holding his confirmation hearing]. [The employee], however, never followed this procedure; instead he attempted to create an "excepted" trust.

The "excepted" trust is unique. It is based on "no knowledge" on the part of the reporting individual of what is contained in a trust set up by a person other than an interested party. Section 202(f)(2)(B). The [employee] did have knowledge of the assets of the two trusts when he assumed office. Thereafter he insulated himself from acquiring any knowledge of the assets of the trusts. You contend that by doing so he has, in effect, caused the trusts created for his children to be "excepted". If we should recognize this, he would be given more power than a person who created a blind trust with our approval. In a qualified blind trust the settlor continues to be subject to the provisions of 18 U.S.C. § 208 as to all assets in the trust until such time as the trustee has informed the settlor that a particular asset has been sold or reduced in value below $1,000. See section 202(f)(3)(C)(iii). [The employee] by his own action would have obtained immediate blindness if we were to agree with his approach.

We have had a number of situations in which reporting individuals have claimed that trusts under which they or their dependents were beneficiaries fall within the "excepted" category. Since the Act itself and its legislative history afford no guidelines, we sought a clarifying amendment as to what constitutes "no knowledge". The Congress did not incorporate this suggestion on our part in the amendments made to the Act by Pub L. No. 98-150. Hearing on S. 461 before Subcomm. on Oversight of Government Management of Senate Comm. on Governmental Affairs, 98th Cong., 1st Sess. 45-46, 151 (1983). But even if the Act had been amended, we do not visualize that [the employee's] condition of "no knowledge" after assuming office would have resulted in an acceptable "excepted" trust.

There is a possible solution to [the employee's] matter in the recent amendment to section 202(f)(7) of the Act. A trust, such as his, may be qualified by this Office if the trustee and the interested parties agree to make such modifications as are required to conform the trust to the provisions of the Act and we determine that approval of the trust arrangement as a qualified blind trust is "appropriate to assure compliance with applicable laws and regulations." We would be happy to assist you in such an undertaking.

Sincerely,

David H. Martin
Director

DRAFT OF 4/10/87

OFFICE OF GOVERNMENT ETHICS

Model Qualified Diversified Trust Provisions

The model qualified diversified agreement contained in this memorandum is made available by the Office of Government Ethics to attorneys for their use in drafting proposed trust agreements to be submitted for certification pursuant to section 202(f)(3) of the Ethics in Government Act of 1978 (Pub. L. 95-521 as amended) and 5 C.F.R. Part 734(D). Under the statutory scheme, a trust agreement is not permitted to be recognized as creating an efficacious blind trust arrangement unless it had been certified by this Office prior to its execution.

While the Office of Government Ethics does not draft trust instruments for use in individual cases, our staff is always willing to cooperate with attorneys and to make our experience available to them in developing appropriate trust instruments which are in accord with applicable Federal laws, Executive orders, and regulations. It is strongly recommended in any case in which the use of a blind trust is contemplated that this Office be consulted as early as possible.

Note that the Certificate of Independence, 5 C.F.R. Part 734 (Appendix A), must be executed by the proposed trustee and submitted to this Office as trustees may not serve in that capacity without prior approval. Another document, the Certificate of Compliance (Appendix B), is required to be filed annually with this Office. While not a requirement, it is recommended that prospective trustees or their representatives schedule an appointment with the staff of this Office for an orientation to the specialized procedures and requirements which have been established by law with respect to blind trust administration.

No form language should be unqualifiedly relied upon. Each provision of the model trust agreement should be considered in connection with the circumstances of the particular case and modified to the extent that may be appropriate. However, many of these provisions contain the minimum requirements for blind trusts which may be qualified by this Office, and the Certificates must be executed in the form indicated.

For further information write to the Office of Government Ethics, P.O. Box 14108, Washington, D.C. 20044, or visit the Office in Suite 436, 1717 H Street, N.W., telephone 202-632-0569.

TRUST AGREEMENT

THIS TRUST AGREEMENT made and entered into this _____ day of _____, 198__. between _____ _____ whose home address is _____, hereinafter called the Settlor, and _____ of _____ _____ [firm], whose business address is_____, hereinafter called the Trustee.

WITNESSETH

SETTLOR has been appointed by the _____ to the position of _____ of the _____ [department or agency], with respect to which appointment the _____ has given its advice and consent. To avoid any conflict of interest, or appearance of any such conflict, which may arise from his duties and powers in such office and any other office to which he may subsequently be appointed to the extent provided for by section 202(f)(4) of the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended)[hereinafter referred to as the "Act"], Settlor hereby creates a trust which shall become effective on the date this agreement bears.

Settlor, therefore, hereby delivers to the Trustee, and the Trustee hereby acknowledges receipt of, the property listed in the annexed Schedule A, subject to the provisions of this Trust and the Act, and regulations promulgated thereunder, and other applicable Federal laws, Executive orders, and regulations.

The primary purpose of this Trust is to entrust to the Trustee decisions as to when and to what extent the original assets of the Trust are to be sold or disposed of and in what investments the proceeds of sale are to be reinvested, without any participation in, or knowledge of, such decisions by any interested person. Accordingly, the Settlor and the Trustee agree as follows:

FIRST: (A) This Trust shall terminate upon the first to occur of the following -- (1) Settlor's ceasing for any reason to serve as _____ and in any other position to which he may have been subsequently appointed in the Federal Government and Settlor thereafter giving Trustee written notice directing that this Trust be terminated; or (2) Settlor's death or incompetence. The period between the date of this agreement and the termination of the Trust shall be called the "Trust Term".

(B) Notwithstanding Paragraph (A) of this Article FIRST, this Trust agreement may in addition be terminated through revocation. However, such revocation or any amendment of the terms of this Trust agreement shall require the

prior written approval of the Director, Office of Government Ethics, upon a showing of necessity and appropriateness.

SECOND: The Trustee in the exercise of its authority and discretion to manage and control the assets of this Trust shall not consult or notify any interested party.

THIRD: (A) The assets initially placed in Trust hereunder shall consist of a well-diversified portfolio of readily marketable securities.

(B) The portfolio will be deemed well-diversified, for purposes of this Article THIRD, unless the Trust holds --

(1) securities of any issuer which have a market value which exceeds twenty percent of the total market value of the portfolio, or

(2) securities substantially related to any industry or economic sector which have a market value which exceeds thirty percent of the total market value of the portfolio.

(C) Notwithstanding Paragraph (B) of this Article THIRD, the Office of Government Ethics may authorize limited deviations from the standards herein stated with respect to the holdings initially placed in Trust hereunder upon a determination by such Office that overall portfolio balance has nevertheless been achieved.

(D) A security will be deemed readily marketable, for purposes of this Article THIRD, if --

(1) daily price quotations for such security appear regularly in newspapers of general circulation, such as the Wall Street Journal, New York Times, and Washington Post, and

(2) the Trust holds the security in a quantity which does not unduely impair liquidity.

(E) No limitations are established under this Article THIRD with respect to cash or debt instruments issued by the United States or its non-corporate instrumentalities.

(F) Each asset listed in the annexed Schedule A is free of any restriction with respect to its transfer or sale except as fully described in such Schedule A.

(G) During the Trust Term, the interested parties shall not pledge, mortgage, or otherwise encumber their interests in the property held in trust hereunder.

FOURTH: The Trustee shall not acquire any securities or other property in excess of the diversification standards of Paragraph (B)(1) and (2) of Article THIRD of this Trust.

FIFTH: The Trustee shall not disclose to the public or to any interested party information as to the acquisition,

retention, or disposition of any particular securities or other Trust property.

SIXTH: (A) The income tax return of the Trust shall be prepared by the Trustee or his designee, and such return and any information relating thereto shall not be disclosed publicly or to any interested party.

(B) During the Trust Term, the Trustee shall be responsible for the preparation and filing of such income (joint or separate) and other tax returns, with respect to the property held hereunder and the income therefrom and with respect to any other income of the Settlor, as shall be required by the laws of the United States of America and any State or other political subdivision thereof. The Settlor shall furnish to the Trustee such additional information as it shall, from time to time, need for the completion of such returns. Communications regarding decisions such as whether to file joint or separate returns, the portions of a tax obligation to be borne by each spouse, the amount and timing of tax payments, and the sources of funds therefor, shall be subject to Paragraph (B) of Article EIGHTH of this Trust. The Settlor shall give to the Trustee powers of attorney (I.R.S. Form 2848) and any other instruments which it may need in order to prepare and file such returns and to represent the Settlor in connection with any audit of returns filed by it and to adjust, settle and pay any taxes due in respect of such returns. The Settlor shall deliver to the Trustee funds for the payment of any income tax obligation estimated to have arisen otherwise than with respect to the property held in Trust hereunder, and copies of his spouse's estimated income tax returns. The Trustee in its discretion shall be entitled to reserve an appropriate amount of Trust income for payment of any additional income tax obligation.

SEVENTH: An interested party shall not receive any report on the holdings and sources of income of the Trust; except that the Trustee shall --

(A) Make quarterly reports of the aggregate market value of the assets representing such interested party's interest in the Trust, and

(B) Provide an annual report for purposes of section 202(a)(1)(B) of the Act of the aggregate amounts actually paid from the Trust to such interested party (or applied for his benefit), categorized in accordance with the provisions of such section. For purposes of this Article SEVENTH, only amounts actually received in respect of this Trust by such interested party (or applied for his benefit) shall be deemed income derived from this Trust.

EIGHTH: There shall be no direct or indirect communication between an interested party and the Trustee with respect to the Trust unless the communication is in writing and has the prior written approval of the Director, Office of Government Ethics, and unless it relates only --

(A) To a request for a distribution from the Trust (which shall not specify whether any such distribution shall be made in cash or in kind),

(B) To the general financial interest and needs of the interested party (including, but not limited to, a preference for current income or long-term appreciation), or

(C) To information, documents, and funds provided by, or needed from, the Settlor, to effectuate the provisions of Paragraph (B) of Article SIXTH of this Trust, with respect to any income tax obligation arising otherwise than with respect to the property held in Trust hereunder. [The written communications referred to in such Paragraph (B) are not subject to public disclosure under section 205 of the Act.]

Written communications not described in the third sentence of Paragraph (B) of Article SIXTH of this Trust which consist entirely of reports from interested parties of their transactions and occurrences unrelated to the Trust made to the Trustee to effectuate the provisions of that Article shall (in lieu of being filed with the Director, Office of Government Ethics) be retained by the Trustee and are subject to inspection by such Office pursuant to Article TENTH of this Trust.

NINTH: The interested parties shall not take any action to obtain, and shall take appropriate action to avoid receiving, information with respect to the holdings of, and the sources of income of, the Trust, including obtaining a copy of any Trust tax return filed by the Trustee or any information relating thereto, except for the reports and information specified in Article SEVENTH of this Trust.

TENTH: The Trustee and any other person designated in this Trust agreement as an investment adviser shall file with the Director, Office of Government Ethics, by the May 15th after any calendar year during which the Trust was in existence a properly executed Certificate of Compliance in the form prescribed in Appendix B to 5 C.F.R. Part 734. In addition, the Trustee shall maintain and make available for inspection by the Office of Government Ethics, as it may from time to time direct, the Trust's books of account and other records and copies of the Trust's tax returns for each taxable year of the Trust.

ELEVENTH: The Trustee shall not knowingly or negligently --

(A) Disclose any information to any interested party with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust,

(B) Acquire any holding the ownership of which is prohibited by, or not in accordance with the terms of, this Trust,

(C) Solicit advice from any interested party with respect to this Trust, which solicitation is prohibited by any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust, or

(D) Fail to file any document required by Title II of the Act (and the regulations thereunder).

TWELFTH: The Settlor shall not knowingly or negligently --

(A) Solicit or receive any information with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust, or

(B) Fail to file any document required by Title II of the Act (and the regulations thereunder).

THIRTEENTH: Subject to such amounts as the Trustee may from time to time reserve for the payment of such income taxes as may be due and payable by the Trust, and for payment of expenses and compensation as provided for in this Trust, during the Trust Term the Trustee shall pay to the Settlor the net income of the Trust, in convenient installments not less frequently than quarterly.

FOURTEENTH: In addition to the rights, duties, and powers conferred upon the Trustee by law, the Trustee shall have the following powers, rights, and discretion with respect to any Trust property held by him:

(A) To sell, exchange, or otherwise dispose of the property in such manner and upon such terms as the Trustee in its sole discretion shall deem appropriate;

(B) Except as limited by specific enumeration in this Trust agreement, to invest and reinvest the principal and any undistributed income, in property of any kind;

(C) Except as limited by specific enumeration in this Trust agreement, to participate in any reorganization, consolidation, merger, or dissolution of any corporation having stocks, bonds or other securities which may be held at any time, to receive and hold any property which may be allocated or distributed to it by reason of participation in any such reorganization, consolidation, merger, or dissolution;

(D) To exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary, or otherwise, with respect thereto;

(E) To elect, appoint, and remove directors of any corporation, the stock of which shall constitute Trust property, and to act through its nominee as a director or officer of any such corporation;

(F) Except as limited by specific enumeration in this Trust agreement, to manage, control. operate convert, reconvert, invest, reinvest, sell. exchange, lease, mortgage, grant a security interest in, pledge, pool, or otherwise encumber and deal with the property of this Trust, for Trust purposes and in behalf of the Trust to the same extent and with the same powers that any individual would have with respect to his own property and funds:

(G) Except as limited by specific enumeration in this Trust agreement, to borrow money from any person or corporation (including the Trustee hereunder) and for the purpose of securing the payment thereof, to pledge, mortgage, or otherwise encumber any and all such property for Trust purposes upon such terms, covenants, and conditions as it may deem proper and also to extend the time of payment of any loans or encumbrances which at any time may be encumbrances on any such property irrespective of by whom the same were made or where the obligations may or should ultimately be borne on such terms, covenants, and conditions as it may deem proper:

(H) To register any property belonging to the Trust in the name of its nominee, or to hold the same unregistered, or in such form that title shall pass by delivery:

(I) To abandon, settle, compromise, extend, renew, modify, adjust, or submit to arbitration in whole or in part and without the order or decree of any court any and all claims whether such claims shall increase or decrease the assets held under this Trust agreement:

(J) To determine whether or to what extent receipts should be deemed income or principal, whether or to what extent expenditures should be charged against principal or income, and what other adjustments should be made between principal and income, provided that such adjustments shall not conflict with well-settled rules for the determination of principal and income adjustments, or the Uniform Principal and Income Act, if in effect in the State of _____:

(K) To determine whether or not to amortize bonds purchased at a premium:

(L) Except to the extent otherwise expressly provided in this Trust agreement, to make distributions in kind or in cash or partly in each and for such purposes to fix, insofar as legally permissible, the value of any property:

(M) To employ or consult investment counsel and others concerning any aspect of the property belonging to the Trust and prospective Trust investments; provided that any person so employed or consulted is instructed by the Trustee to make no disclosure publicly or to any interested party which might identify the securities or other property which comprise the assets of the Trust or identify securities or other property which have been sold from the assets of the Trust:

(N) To pay such persons employed by the Trustee to assist it in the administration of the Trust, including investment counsel, accountants, and those engaged for assistance in preparation of tax returns, such sums as the Trustee deems to be reasonable compensation for the services rendered by such persons. Such persons may rely upon and execute the written instructions of the Trustee, and shall not be obliged to inquire into the propriety thereof;

(O) Except as specifically limited in this Trust agreement, to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not otherwise specifically mentioned in this Article THIRTEENTH, with relation to any such property, as if the Trustee were the absolute owner thereof, and in connection therewith to make, execute, and deliver any instruments and to enter into any covenants or agreements binding the Trust.

FIFTEENTH: (A) None of the assets initially placed in Trust hereunder shall consist of securities of issuers having substantial activities related to the Settlor's primary area of responsibility within the Federal Government.

(B) Notwithstanding the provisions of Article FOURTEENTH of this Trust, the Trustee shall not acquire by purchase, grant, gift, exercise of option, or otherwise, without the prior written approval of the Director, Office of Government Ethics, any property in addition to that listed in the annexed Schedule A, from any interested party.

SIXTEENTH: The Trustee shall not at any time be held liable for any action taken or not taken or for any loss or depreciation of the value of any property held in the Trust whether due to an error of judgment or otherwise where the Trustee has exercised good faith and ordinary diligence in the exercise of its duties such as would had been exercised by a prudent man.

SEVENTEENTH: No Trustee hereunder shall be required, in any jurisdiction, to furnish any bond or other security, or to obtain the approval of any court before applying, distributing, selling, or otherwise dealing with property.

EIGHTEENTH: Except as provided in Article SEVENTH of this Trust, the Trustee shall make no accounting to the Settlor until the date of termination of this Trust, and, at such time, it shall be required to make full and proper accounting and turn over to the Settlor all assets of the Trust then held by it the said Trustee.

NINETEENTH: The Trustee shall be compensated in accordance with the table in the annexed Schedule B, or as provided for by the laws of the State of _____.

TWENTIETH: The Trustee (and any substitute or successor) shall have the right, by a duly acknowledged instrument

delivered to the Settlor to resign as Trustee in which event the Settlor shall designate and appoint a substitute or successor Trustee (subject to the prior written approval of the Director, Office of Government Ethics) in its place and stead, which shall have all of the rights, powers, discretions, and duties conferred or imposed hereunder upon the original Trustee.

The term "interested party" as used in this Trust means the Settlor, his spouse, and any dependent child.

The validity, construction, and administration of this Trust shall be governed by the Act (and regulations thereunder) and the laws of the State of _____.

Dated this ___ day of _____, 198__.

_____
Settlor

The above Trust is accepted this ___ day of_____, 198__.

_____
Trustee

By: _____

_____
(title)

JOHN GLENN, OHIO, CHAIRMAN
LAWTON CHILES, FLORIDA
SAM NUNN, GEORGIA
CARL LEVIN, MICHIGAN
JIM SASSER, TENNESSEE
DAVID PRYOR, ARKANSAS
GEORGE J. MITCHELL, MAINE
JEFF BINGAMAN, NEW MEXICO
WILLIAM V. ROTH, JR., DELAWARE
TED STEVENS, ALASKA
WILLIAM S. COHEN, MAINE
WARREN B. RUDMAN, NEW HAMPSHIRE
JOHN HEINZ, PENNSYLVANIA
PAUL S. TRIBLE, JR., VIRGINIA
LEONARD WEISS, STAFF DIRECTOR
JO ANNE GARDNER, MINORITY STAFF DIRECTOR

SUBCOMMITTEE
CARL LEVIN, MICHIGAN, CHAIRMAN
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JEFF BINGAMAN, NEW MEXICO
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WARREN B. RUDMAN, NEW HAMPSHIRE
JOHN HEINZ, PENNSYLVANIA
TED STEVENS, ALASKA
LINDA J. GUSTITUS, STAFF DIRECTOR AND CHIEF COUNSEL
MARY BERRY GERMAN, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate
COMMITTEE ON
GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT
WASHINGTON, DC 20510-6250

June 16, 1987

Mr. Steve Galebach
Senior Special Assistant
to the Attorney General
U.S. Department of Justice
Office of the Attorney General
Room 5133, Tenth and Constitution, N.W.
Washington, D.C. 20530

Dear Mr. Galebach:

In a memorandum dated May 24, 1985, from Attorney General Edwin Meese III to the Heads of Offices, Bureaus, Boards and Divisions in the Department of Justice, as well as all personnel in the Office of Attorney General regarding Mr. Meese's recusal policy, you are cited as maintaining a current list of the Attorney General's financial holdings for purposes of screening matters for his consideration.

Attached to that memo are two lists: Appendix A and Appendix B. Please inform the Subcommittee of any additions or deletions to those lists since the May 24, 1985, memo and the date of such additions or deletions.

This inquiry is made pursuant to the Subcommittee's jurisdiction over the Ethics in Government Act in accordance with its responsibilities to reauthorize the Office of Government Ethics by October 1988.

Your prompt attention to this request is appreciated. Please direct any questions to Linda Gustitus, Staff Director, at 224-3682.

Sincerely,

Carl Levin

Carl Levin
Chairman

CL:ljg

Enclosure

U.S. Department of Justice

Office of Legislative and Intergovernmental Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

July 7, 1987

Honorable Carl L. Levin
Chairman
Subcommittee on Oversight of
Government Management
United States Senate
Washington, D.C. 20510-6250

Dear Senator Levin:

Thank you for your letter of June 16, 1987, in which you inquired about any deletions and/or additions to the appendices to the Attorney General's May 24, 1985, memorandum.

The May 24, 1985, memorandum set forth the Attorney General's recusal policy and appendices A and B were intended to identify some of the items covered by that policy. The lists of financial interests attached to the May 24, 1985, were not intended to be a continuing list. As stated in the Attorney General's May 24, 1985 memorandum, the "Senior Special Assistant in my office, will maintain a current list of my financial holdings and will screen all matters presented to my office to assure that any potential conflicts of interest are avoided." A designated member of the Attorney General's staff is responsible for maintaining current information on matters in which the Attorney General has recused himself.

As indicated in the May 24, 1985, memorandum, the Attorney General determined to recuse himself from participation in any matter in which he had a financial interest, and the Attorney General has done so. Such matters are set forth in the Attorney General's annual Financial Disclosure Reports. I will be happy to provide you with copies of his 1985 and 1986 reports.

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,

John R. Bolton
Assistant Attorney General

JOHN GLENN, OHIO, CHAIRMAN
LAWTON CHILES, FLORIDA
SAM NUNN, GEORGIA
CARL LEVIN, MICHIGAN
JIM SASSER, TENNESSEE
DAVID PRYOR, ARKANSAS
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United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT
WASHINGTON, DC 20510-6250

July 30, 1987

The Honorable David H. Martin
Director
Office of Government Ethics
1717 H Street, N.W., Room 436
Washington, D.C.

Dear Mr. Martin:

Enclosed are questions prepared by Senator Stevens in response to the Subcommittee's hearing on July 9, 1987, at which you testified about the disclosure forms of Attorney General Edwin Meese III.

Senator Stevens is very interested in having you, personally, answer these questions. We understand from recent press reports that you will be leaving your position as Director of OGE shortly. We ask that you answer the enclosed questions for inclusion in our hearing record prior to your departure.

In addition, please advise the Subcommittee as to the steps you have taken following the July 9 hearing relative to Mr. Meese's financial disclosure forms. You testified that the Attorney General was not in compliance with the disclosure requirements in his disclosure statements for calendar year 1985 and 1986. Have you made an effort to bring the Attorney General's disclosure form into compliance? If so, please detail those steps and the current status of your effort.

Having worked together over the past four years, we want to wish you well as you leave the Office of Government Ethics. We hope your future will bring you an enjoyable and satisfying professional opportunity.

Thank you for your attention to this request.

Best wishes.

Sincerely,

Carl Levin
Chairman

William S. Cohen
Ranking Minority Member

CL:WSC:ljg

Enclosure

ADDITIONAL QUESTIONS SUBMITTED BY SENATOR TED STEVENS FOR DAVID H. MARTIN, DIRECTOR, OFFICE OF GOVERNMENT ETHICS

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1. QUESTION: The law is very clear in Section 206 (b)(2) of the Ethics in Government Act of 1978, as amended, that if the Director of OGE, after reviewing any report, believes that additional information is required to be submitted, or that on the basis of information submitted, the individual is not in compliance with applicable laws and regulations, **he shall notify the individual submitting the report** to either obtain additional information or afford him or her a reasonable opportunity for a written or oral response. Additionally, in your testimony you indicated that you have established an expedited treatment for certain individuals, to include Cabinet members. Disclosure forms for Cabinet members are to be initially reviewed by your deputy and then forwarded to a senior staff attorney and then to a management analyst for review.

- o According to your testimony, Mr. Meese's disclosure form was routinely handled by an OGE analyst and staff attorney, who subsequently contacted a DOJ staff attorney regarding some questions about entries on the form. Did Mr. Meese's form receive your expedited treatment for Cabinet members? If not, why not? Please provide the Committee with a list of the entries questioned by your staff and their subsequent disposition. Also, please provide any notations that were made by OGE staff on or about Mr. Meese's form at the time of the initial review.

- o Did you, or a member of your staff, as required in the statute contact Mr. Meese at any time regarding questions relating to the initial review of his form?

- o You state in your testimony that you responded to an inquiry from Senator Levin, in April 1987, asking for information about the status of the limited blind partnership. You also state that "I also responded to other inquiries". Beginning in April 1987, to the time of this hearing, please provide the Committee with a list of those individuals or organizations requesting information on Mr. Meese's financial disclosure; the nature of the request; a copy of any documents provided; and notations as to the content of any telephone conversations with those who made the inquiries. On July 8, 1987, the Washington Post ran an article wherein Representative Gerry Sikorski (D-Minn), was quoted as having said that "there had been a frightful collapse of ethics within the attorney general's office". Did Representative Sikorski or a member of his staff contact you for information on the Meese disclosure form? If so, when did you provide it? Up to the date of the hearing, had you, or any member of your staff, talked with Mr. Meese about his financial disclosure report, in particular, the entry on Financial Management International?

2. QUESTION: In your testimony you state that Section 202(f)(1) of the Act provides that all the holdings and sources and income shall be reported unless there is a qualified trust involved or an excepted trust. You go on to read from OGE instructions which say that in the case of holdings that are essentially non-public--such as private trades or business investment pools or other private investment vehicles--sufficient disclosure must be made to give reviewers (agency ethics officials) an adequate basis for the conflicts analysis required by the Act. You also say that the reporting of financial interests stops at the level at which the specific nature of the investment is adequately described, so that there can be an evaluation of whether there is a prohibted nexus with the official's Government responsibility, or it stops where an entity is named, such as a mutual fund which can be readily consulted in manuals to determine their nature.

- The DOJ ethics official has stated that she was satisfied with the entry Financial Management International on Mr. Meese's disclosure form because she was able to research the firm in such publications as Dunn and Bradstreet and because Mr. Meese adequately answered additional questions she had regarding the entry.

- Would you expect every individual completing the disclosure form to list all sub-investments under such an entry? What criteria do your analysts use in determining how much additional information is needed? What normally triggers their looking further into these types of financial arrangements?

- You have also stated that neither the OGE staff analyst or the OGE staff attorney raised any question about the Financial Management International entry because they apparently felt, as did the DOJ ethics official, that the entry was sufficient. You stated that "it did not become a red flag to me until April of this year when I received telephone calls, I think, from either reporters or other people in Government advising me that there was a problem". At that point you have stated that you sent a letter to the DOJ requesting the underlying documents to the limited blind partnership. Did you at this point contact Mr. Meese about the telephone calls; about your new concern over the blind partnership; or to ask him for any additional information?

3. QUESTION: In your testimony you state that when it's determined that additional information is needed, the regulations authorize OGE to work through the designated agency ethics official as well as to go directly to the individual who filed the report. You state that you find it much more efficient and more convenient to go through the ethics official for a number of reasons, one of which is that the agency ethics official has better access to the filer, particularly in the case of a high-ranking presidential appointee, than do your lower level management analysts. You later testify in response to a question from Senator Roth (R-Delaware) that it is the practice of the OGE to bring a person into compliance by making an inquiry about the asset principally through the agency ethics official, and **to try to bring people into compliance to prevent conflicts of interest.** I certainly understand the need for efficiency and I could not agree more, that one of the primary responsibilities of the OGE is to try to bring individuals into compliance with the requirements of the Act. That is exactly what Congress intended - that OGE work with the individuals involved to bring them into compliance. In the case of Mr. Meese, do you believe that it was more efficient or convenient for you to write a letter to the DOJ ethics official or would it not have better served the intent (not to mention compliance with) of the law to have contacted the Attorney General personally? How do you rationalize the fact that you provided information to the press and others but did not contact the Attorney General? **The point of my question is not to defend the Attorney General but to defend a system created by Congress, which did not envision an individual's financial arrangements being discussed and publicized before the individual is personally told of the problem by the OGE.** According to your own testimony, the individual is ultimately responsible for the disclosure report. Do you not agree then, that they should first be told of any problems? Are there any other examples of the OGE responding to inquiries before discussing the case with the individual involved?

4. QUESTION: Financial Management International, Inc (FMII) is listed in Dunne and Bradstreet. It is a financial investment company. Mr. Chinn was at that time President of FMII. The Meese partnership was with FMII, as the general partner to the agreement. The Washington Post on July 10th states that Mr. Meese had a "limited blind partnership" with a former official of the Wedtech Corp, meaning Mr. Chinn, when in fact, the partnership was with the investment firm, FMII. It appears to me that in this article and during the questioning of Mr. Meese, there has been a disregard for the corporate structure and Mr. Meese has been deemed to have a partnership with Mr. Chinn. When reviewing financial disclosure forms where individuals have entered into similar arrangements with investment firms, does the OGE routinely research the entry to determine who the officers of the firm are and if there is any possible conflict with anyone of those individuals or do you limit your inquiry to the business of the firm and disregard the officers?

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

AUG 17 1987

Honorable Carl Levin
and
Honorable William S. Cohen
United States Senate
Committee on Governmental Affairs
Subcommittee on Oversight of Government Management
Washington, D.C. 20510

Dear Senators Levin and Cohen:

This responds to your letter of July 30, 1987, which contained questions prepared by Senator Stevens in response to the Subcommittee's hearing on July 9, 1987, on the review of the Attorney General's financial disclosure forms.

In the name of clarity, we numbered and restated his questions in sequential order. Enclosed please find this redaction, our answers to these questions, and other supporting materials and correspondence.

With regard to the Attorney General's financial disclosure forms - following your hearing we met with officials from the Department of Justice. On July 28, 1987, we sent a detailed letter to the Attorney General in which we outlined with specificity the steps necessary to bring him into compliance. Presently, we are awaiting his response.

Finally, thank you for your kind words and warm wishes.

Best of luck.

Sincerely,

David H. Martin
Director

Enclosure

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question 1:

1. Did Mr. Meese's form receive your expedited treatment for Cabinet members?
2. Provide list of entries questioned by OGE staff.
3. Provide notations made on or about Mr. Meese's form during initial review?
4. Did you contact Mr. Meese at any time with regard to initial review?
5. Provide list of individuals requesting information on Mr. Meese's form?
6. Provide copies of any documents provided to them.
7. Provide notations of any telephone conversations with them.
8. Did Representative Sikorski contact us for information on the form?
9. Before Senator Levin's hearing (7/9), had you talked with Mr. Meese?

Question 2:

1. Do you expect all filers to list all subinvestments?
2. What criteria do analysts use in determining how much info is needed?
3. What triggers looking further?
4. Did you contact Mr. Meese about the telephone calls you received?
5. Did you contact Mr. Meese about your concern over the blind partnership?
6. Did you contact Mr. Meese to ask him for any additional information?

Question 3:

1. Was it more efficient or convenient to contact the DAEO on Mr. Meese?
2. Would it have been better to contact Mr. Meese personally?
3. How do you rationalize that you provided information to the press and others but did not contact Mr. Meese?
4. If the individual is ultimately responsible for his form, shouldn't he be told first of any problems?
5. Are there other examples where OGE responded to inquiries before discussing the problems with the involved individuals?

Question 4:

1. Does OGE routinely research an entry to determine the officers of a firm and any possible conflicts or do you limit your inquiry to the business of the firm and disregard the officers?

Under Question 1:

1. No, Attorney General Meese's disclosure form did not receive any expedited treatment. At that time, all filers were treated the same, that is a three level review begun with one of our management analysts making the initial review. The separate, expedited treatment for Cabinet members is a new program, which is currently being implemented.

2. The initial review of the Attorney General's disclosure form raised the following issues:
   - o need for clarification - some items were reported as being sold on Schedule B and as being held on Schedule A;
   - o justification for the reported acceptance of certain gifts;
   - o justification for the reported acceptance of lodging/travel expenses; and
   - o attorney fee reimbursement

3. We have a policy of not releasing internal work product or notations on our disclosure review and conflicts analysis.

4. Mr. Meese was not contacted personally on the initial review, nor are any filers, all contact is through the agency ethics officials within the Department of Justice.

5. Senator Carl Levin and Congressman Gerry Sikorski requested information on Mr. Meese's financial disclosure form as part of their oversight of this Office, these requests were made following the publicity surrounding Mr. Meese's arrangement with Mr. Chinn.

6. Attached are copies of the correspondence between this Office and the above-named members of Congress.

7. There were no telephone conversations with those who made inquiries into Mr. Meese's financial disclosure.

8. A member of C gressman Sikorski's staff approached an attorney of my staff at a Congressional hearing to inquire of the timing and status of our response to the Congressman's request for information, and to suggest that, unless a response was forthcoming, the Congressman would hold a hearing on the matter.

9. As indicated in the answer to question #4, we contacted Attorney General Meese through the agency ethics official at the Department of Justice, in writing.

Under Question 2:

1.& 2.
Sections 202(f)(1) and (2) of the Ethics in Government Act provide that the holdings of and the sources of income from a trust or other financial arrangement must be

disclosed, unless the entity is a qualified or excepted trust. Enough information must be provided so that an adequate conflicts analysis can be done.

3. Additional information is required of any filer when the reviewer needs clarification.

4. Pursuant to regulations promulgated by this Office and approved by the Department of Justice, the federal executive branch ethics program, including public financial disclosure review, is a decentralized system in which each agency is responsible for the administration of its program through the designated agency ethics official. Mr. Meese was contacted through the agency ethics officials of the Department of Justice regarding the proper reporting of the blind partnership arrangement. -See attached letter.

5. Mr. Meese was not contacted personally, but was notified via normal procedure through the agency ethics officials within the Department of Justice.

Under Question 3:

1. Yes. (See below).

2. It is much more efficient and convenient to go through the agency ethics official, who is responsible for managing the agency's ethics program. This system has a number of advantages:

   - o it avoids the possible duplication of questions asked of the filer. The needed information may have been obtained and placed in the ethics official's review file.
   - o if the question concerns the agency's interpretation of a statute or regulation, it is the agency ethics official who must provide the information.
   - o it provides an opportunity for OGE to discuss statutory and regulatory requirements potentially missed by the ethics official, thereby making the official aware of OGE interpretations and helping to prevent similar mistakes in the future.
   - o for all practical purposes, the ethics official has much better access to the reporting individuals and their staffs, and to any additional information.
   - o if the disclosure form is to be amended, the agency is in the position to amend their certified copy.

3. We did not provide information to the press or anyone else regarding the problems of Mr. Meese's blind partnership arrangement until members of Congress decided to make an issue of it. Our contacts with the press were an attempt to clarify what we believed to be an inaccurate characterization of the problem.

4. Absolutely - through their agency ethics official.

5. We normally would not do that unless there were press inquiries which there were in this instance.

Under Question 4:

1. This question is difficult to answer because it does not lend itself to any ready answer. Generally, the nature of the firm is controlling. However, in certain circumstances, it may be necessary to make further inquires due to the relationship between the government official and the officers of the firm. For example, see the effects of a partnership relationship created by 18 U.S.C. §207(g), in which partners of federal employees are prohibited from making representation before a federal agency, in which the federal employee partner either participates or has the matter under his or her official responsibility.

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

JUL - 2 1987

Mr. Harry H. Flickinger
Assistant Attorney General for Administration
Agency Ethics Official
Department of Justice
10th and Constitution Ave., N.W.
Washington, D.C. 20530

Dear Mr. Flickinger:

As you know, on April 28, 1987, I wrote to the Department's Alternate Ethics Official, Janis Sposato, and requested that in connection with the Office of Government Ethics' (OGE's) review of Attorney General Meese's annual (1986 SF-278) financial disclosure report, our Office be provided with a copy of the limited partnership agreement, as well as any other documentation which established the character and nature of Mr. Meese's interests in Financial Management International, Inc., limited partnership. Subsequent to that request, as set forth in Ms. Sposato's letter to me of May 13th, I decided, in keeping with past OGE policy, that any further Department of Justice review or inquiries concerning the Attorney General's financial disclosure report be postponed in view of the Independent Counsel's investigation into the same matter.

I have this date been advised by Mr. McKay's staff at the Office of Independent Counsel, that they have no objection to my Office's resumption of its review responsibilities. Accordingly, I am renewing my earlier request for the information, as well as any Department of Justice analysis required by the Ethics in Government Act.

In view of the current public interest in this matter and the requirements surrounding the release of the Attorney General's 1987 financial disclosure report, you should give this matter your immediate attention. I would appreciate a response within ten (10) working days.

If you have any questions on this matter, I would appreciate it if you would contact me immediately.

Sincerely,

David H. Martin
Director

cc: Stephen Trott
Associate Attorney General

United States
Office of Government Ethics

JUL 26 1987

Honorable Gerry Sikorski
Chairman, Subcommittee on
Human Resources
Committee on Post Office and Civil Service
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Sikorski:

This responds to your letter of June 10, 1987, concerning the 1986 financial disclosure form of Attorney General Edwin Meese.

Answers to the questions involving his investment in a "limited blind partnership" follow:

(1) No "limited blind partnership" has been or could be approved under the statutory scheme as creating a qualified blind trust or other arrangement authorized by the Ethics in Government Act which would shield an executive branch official from being deemed to have knowledge of outside financial interests or from the requirement of disclosing such interests in a public financial disclosure report.

(2) The Ethics in Government Act contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office, and in some instances concurrence by the Department of Justice. The Act has no provision for recognition of "blind" arrangements created by a filer's own action.

(3) There are a number of criminal, civil and administrative sanctions which may be available to address conflicts of interest stemming from a Government official's personal financial interests. The actual application of anyone of these sanctions in the case of a non approved "blind" arrangement would, however, turn on the actual facts of the situation. As in all such matters, the issues of knowledge and intent are critical to any such application.

(4) Where an unapproved blinding arrangement is involved, consultation with an intention toward voluntary compliance on the part of the reporting official should be the first goal of agency officials. In the context of the "blind" financial arrangement of Mr. Meese, I must report to you that at this time we are not in possession of sufficient information concerning the facts and circumstances to form any conclusions concerning this matter. The financial interest in question - Financial Management International, Inc. (limited blind partnership) - reported on Schedule A, p.5 line 8, is reported for the first time on Mr. Meese's incumbent financial disclosure report for CY 1985. On

April 28, 1987, I wrote to the Alternate Ethics Official at the Department of Justice and requested that she provide my office with the underlying documentation which establishes the character and nature of Mr. Meese's interests in Financial Management International, Inc. limited partnership. However, we have since been advised by the Department of Justice that Independent Counsel, James McKay has enlarged his ongoing investigation to include this matter. In keeping with the normal procedure to defer to a criminal inquiry, the Department of Justice has postponed any further review or inquiries concerning the Attorney General's financial disclosure form pending disposition of Mr. McKay's investigation.

Sincerely,

David H. Martin
Director

ONE HUNDREDTH CONGRESS

GERRY SIKORSKI, MINNESOTA, CHAIRMAN

U.S. House of Representatives

COMMITTEE ON POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON HUMAN RESOURCES
408 CANNON HOUSE OFFICE BUILDING
Washington, DC 20515

TELEPHONE (202) 225-2821

June 10, 1987

The Honorable David H. Martin
Director
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

Dear Director Martin:

As you know, the Subcommittee on Human Resources of the Committee on Post Office and Civil Service is charged with overseeing the application, administration and execution of Federal ethics requirements, including those regarding public financial disclosure, and conflicts of interest. The Subcommittee must ensure that the laws are enforced, that they are effective, and that any amendments or needed modifications are made.

On his 1986 financial disclosure form (SF-278), Attorney General Edwin Meese III disclosed that in May 1985, he invested $60,000 in a "blind limited partnership" with Financial Management International, Inc. Because this arrangement raises questions about compliance with and the administration of Ethics in Government Act requirements concerning financial disclosure and conflicts of interest, the Subcommittee is seeking additional information about this matter. In this regard the Subcommittee requests your response to the following questions:

1. Under the Ethics in Government Act, can the Office of Government Ethics (OGE), under any circumstances, approve a "limited blind partnership" as an appropriate instrument through which a government official can avoid financial conflicts of interests or their appearance?

2. Under the Ethics in Government Act, was it proper for Attorney General Meese to establish a "limited blind partnership" without the approval of the OGE, provided that Mr. Meese's intent was to shield himself from financial conflicts of interest or their appearance?

3. Can a government official be disciplined for conflicts of interest stemming from a financial arrangement that has been deemed "blind" by that official but not approved as such by the OGE?

4. If a government official enters into a "blind" financial arrangement that has not been sanctioned as blind by the OGE, what action can be taken by the OGE or agency officials to terminate that financial arrangement and bring the official into compliance? What if the financial arrangement appears to create a conflict of interest?

Please respond to these questions by June 17, 1987. If you have any questions concerning this request, please contact Mr. Courtney Ward or Mr. Dennis McGrann of the Subcommittee staff at 225-2821.

Sincerely,

GERRY SIKORSKI
Chairman

Washington, D.C. 20530

David H. Martin, Esq.
Director, Office of Government Ethics
Suite 436
1717 H Street, N.W.
Washington, D.C. 20415

Dear David:

I am writing to confirm the understanding we reached in our telephone conversation last week concerning your request for additional information about the Attorney General's financial disclosure report for calendar year 1985.

At the time you originally requested the additional information, there had been no indication of any criminal inquiry into the Attorney General's involvement with respect to the Wedtech matter. By the time of our telephone conversation, the press had reported that the Department's Criminal Division was looking into the Attorney General's involvement in that matter. Because the normal procedure is to defer to a criminal inquiry, we agreed that I should postpone any further review or inquiries concerning the Attorney General's financial disclosure form. You also advised me that you intended to contact the Deputy Attorney General to confirm the fact of the Criminal Division's inquiry concerning the Attorney General.

Since the time that we spoke, the Deputy Attorney General has announced that he asked Independent Counsel James McKay to enlarge his ongoing investigation to include the activities and relationships of the Attorney General with respect to Wedtech. In light of this fact, I will presume that your request for further information is withdrawn until I hear from you again.

Sincerely,

Janis Sposato

Janis Sposato
General Counsel
Justice Management Division

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

MAY 11 1987

Honorable Carl Levin
Chairman, Subcommittee on
Oversight of Government Management
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510-6250

Dear Senator Levin:

This responds to your letter of April 30, 1987, concerning the 1986 financial disclosure form of Attorney General Edwin Meese III.

Answers to the questions involving his investment in a "limited blind partnership" follow:

(1) Mr. Meese has filed two public financial disclosure reports (SF-278) with OGE relating to his position as the Attorney General: a nomination report, which OGE approved on January 25, 1985, and a subsequent incumbent report for CY 1985, which was received by OGE on September 29, 1986. The Justice Department's Designated Agency Ethics Official, Mr. W. Lawrence Wallace, had approved the incumbent report on July 1, 1986. OGE's initial first level of review was done on November 17, 1986, within the 60 day review initiation period required by the Ethics in Government Act. The initial review done by the OGE management analyst raised several issues dealing primarily with the propriety of reported gifts and reimbursements on Schedule B. These matters were subsequently resolved. However, prior to the resolution of these issues, OGE received information raising questions regarding Mr. Meese's financial interest in the "blind limited partnership". Consequently, I have not yet certified the incumbent report nor has the second or third level review of the report been completed within OGE.

The financial interest in question - Financial Management International, Inc. (limited blind partnership) - reported on Schedule A, p. 5, line 8, is reported for the first time on the incumbent report. On April 28, 1987 I wrote to the Alternate Ethics Official at the Department of Justice and requested that she provide my Office with underlying documentation which establishes the character and nature of Mr. Meese's interests in Financial Management International, Inc. limited partnership. However, we have now been advised by the Department of Justice that they have undertaken a threshold investigation into questions involving Mr. Meese's financial holdings, pursuant to the Ethics in Government Act.

(2) The DAEO at the Department of Justice did not raise any questions with this Office regarding Mr. Meese's "limited blind partnership".

(3) The Ethics in Government Act contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office, and in some instances concurrence by the Department of Justice. Authority for these requirements may be found at section 202(f) of the Ethics in Government Act and 5 C.F.R. Part 734, Subpart D. The requirements, amplified by the language of model trust drafts which are circulated by this Office, include specific approval in advance by the Office of Government Ethics of the language of the proposed trust instrument, of the proposed trustee (who must be independent of the government official pursuant to statutory guidelines), and of the proposed initial assets of the trust. (Copies of the current model blind trust drafts are enclosed for your information).

We do not recognize "blind" arrangements created by a filer's own action. OGE Informal Advisory Opinion 84 x 8 dated June 4, 1984 (attachment A) discusses this principle.

(4) No "limited blind partnership" has been or could be approved under the statutory scheme as creating a qualified blind trust arrangement under the Ethics in Government Act. We view the use of a qualified trust as a very serious matter which under section 202(f)(4)(A) of the Act conveys extraordinary benefits on a government official and his immediate family by ameliorating conflicts of interest and standards of conduct concerns related to outside holdings which are attributable to them. In return for these benefits, strict rules including pre-clearance by this Office, are imposed under the Ethics Act and regulations thereunder which are closely enforced by this Office. It should be noted that the standards for public financial disclosure imposed by the Act are a separate issue from the substantive conflicts statutes and standards regulations. Under the disclosure rules, as interpreted in the instructions of SF-278, government officials "must provide sufficient information about these private entities [such as limited partnerships] to give reviewers of disclosure reports an adequate basis for the conflicts analysis required by the Act."

(5) Mr. Meese did not seek advice or approval from OGE prior to establishing this "limited blind partnership".

(6) As indicated earlier, we are not yet in receipt of the underlying documentation of the "limited partnership" and thus have not made any determinations regarding it.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

David H. Martin
Director

Enclosure

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

84 x 8

Letter to a DAEO dated 06/04/84

We have given serious thought to your letter of April 6, 1984 in which you seek to justify [an employee of your agency's] reporting of two trusts created for his dependent children as "excepted" trusts.

In the financial disclosure report [the employee] filed as a nominee in January 1981, he listed the assets of the two trusts and answered "no" to the question on Schedule A of SF 278 as to whether the trusts were "excepted". On February 2, 1981, [the employee] wrote [an attorney in a] law firm, giving him a power of attorney to convert one of the trusts into a blind trust for the period of his government service. In fact at the Hearings on his nomination, [the employee] told the Senate Committee on Finance that there were no problems on conflicts of interest since "I am going to be setting up a blind trust." [Citation Omitted]

In his annual financial disclosure reports for 1982 and 1983, [the employee] answered "yes" to the question about "excepted" trusts and did not list the assets of the trusts. It was this reversal of his previous response that raised our question about the validity of his claim to an "excepted" trust.

The Ethics in Government Act (the Act) contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office (5 C.F.R. § 734, Subpart D). It appears that it was [the employee's] intention to set up a blind trust when he wrote to [the attorney] in February 1981 and when he testified before the Senate Committee [holding his confirmation hearing]. [The employee], however, never followed this procedure; instead he attempted to create an "excepted" trust.

The "excepted" trust is unique. It is based on "no knowledge" on the part of the reporting individual of what is contained in a trust set up by a person other than an interested party. Section 202(f)(2)(B). The [employee] did have knowledge of the assets of the two trusts when he assumed office. Thereafter he insulated himself from acquiring any knowledge of the assets of the trusts. You contend that by doing so he has, in effect, caused the trusts created for his children to be "excepted". If we should recognize this, he would be given more power than a person who created a blind trust with our approval. In a qualified blind trust the settlor continues to be subject to the provisions of 18 U.S.C. § 208 as to all assets in the trust until such time as the trustee has informed the settlor that a particular asset has been sold or reduced in value below $1,000. See section 202(f)(3)(C)(iii). [The employee] by his own action would have obtained immediate blindness if we were to agree with his approach.

We have had a number of situations in which reporting individuals have claimed that trusts under which they or their dependents were beneficiaries fall within the "excepted" category. Since the Act itself and its legislative history afford no guidelines, we sought a clarifying amendment as to what constitutes "no knowledge". The Congress did not incorporate this suggestion on our part in the amendments made to the Act by Pub L. No. 98-150. Hearing on S. 461 before Subcomm. on Oversight of Government Management of Senate Comm. on Governmental Affairs, 98th Cong., 1st Sess. 45-46, 151 (1983). But even if the Act had been amended, we do not visualize that [the employee's] condition of "no knowledge" after assuming office would have resulted in an acceptable "excepted" trust.

There is a possible solution to [the employee's] matter in the recent amendment to section 202(f)(7) of the Act. A trust, such as his, may be qualified by this Office if the trustee and the interested parties agree to make such modifications as are required to conform the trust to the provisions of the Act and we determine that approval of the trust arrangement as a qualified blind trust is "appropriate to assure compliance with applicable laws and regulations." We would be happy to assist you in such an undertaking.

Sincerely,

David H. Martin
Director

CARL LEVIN, MICHIGAN, CHAIRMAN
LAWTON CHILES, FLORIDA
DAVID PRYOR, ARKANSAS
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MARY BERRY JENNINGS, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate
COMMITTEE ON
GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT
WASHINGTON, DC 20510-6250

April 30, 1987

The Honorable David H. Martin
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

Dear Mr. Martin:

The 1986 financial disclosure form of Attorney General Edwin Meese III indicates that Mr. Meese invested the bulk of his funds in a "limited blind partnership" shortly after his confirmation by the Senate. The Senate Subcommittee on Oversight of Government Management, which has oversight responsibility for the Ethics in Government Act, is seeking to determine the nature of this partnership and how it compares to blind trust arrangements provided by the Act. In order to facilitate our review of this matter, I would like your response to the following questions:

1. Has OGE reviewed Mr. Meese's financial disclosure forms since his confirmation as Attorney General? If so, were any questions raised by OGE staff, to the Justice Department, or to Mr. Meese regarding the nature of his "limited blind partnership?" Please specify the origin and nature of the questions as well as any responses.

2. Did the Designated Ethics Official at the Department of Justice raise any questions to OGE regarding Mr. Meese's "limited blind partnership?" If so, what were the questions and what was OGE's response?

3. Has OGE evaluated whether the "limited blind partnership" is a qualified vehicle for avoiding

financial conflicts of interest or their appearance under the Ethics in Government Act? If so, please provide a summary of OGE's evaluation and any decision on the matter.

4. Has OGE ever approved a "limited blind partnership" as a means of meeting the requirements of the Ethics in Government Act? If so, please provide a summary of the specific situation and financial arrangement. Could a "limited blind partnership" serve as a means of meeting the requirements of the Ethics in Government Act?

5. Did Mr. Meese seek advice or approval from OGE prior to establishing this "limited blind partnership?" If so, please provide a copy of any written memoranda and a summary of any oral advice given to Mr. Meese.

6. Has OGE qualified Mr. Meese's "limited blind partnership" as an appropriate vehicle for avoiding financial conflicts of interest or their appearance under the Ethics in Government Act? Is so, please provide a copy of the approval as well as a copy of the partnership agreement.

Please respond to these questions by May 8, 1987. Should you have any questions concerning this request, please contact Peter Levine of the Subcommittee staff at 224-3682.

Sincerely,

Carl Levin
Chairman

CL:pkl

DRAFT OF 4/10/87

OFFICE OF GOVERNMENT ETHICS

Model Qualified Blind Trust Provisions

The model qualified blind trust agreement contained in this memorandum is made available by the Office of Government Ethics to attorneys for their use in drafting proposed trust agreements to be submitted for certification pursuant to section 202(f)(3) of the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended) and 5 C.F.R. Part 734(D). Under the statutory scheme, a trust agreement is not permitted to be recognized as creating an efficacious blind trust arrangement unless it had been certified by this Office prior to its execution.

While the Office of Government Ethics does not draft trust instruments for use in individual cases, our staff is always willing to cooperate with attorneys and to make our experience available to them in developing appropriate trust instruments which are in accord with applicable Federal laws, Executive orders, and regulations. It is strongly recommended in any case in which the use of a blind trust is contemplated that this Office be consulted as early as possible.

Note that the Certificate of Independence, 5 C.F.R. Part 734 (Appendix A), must be executed by the proposed trustee and submitted to this Office as trustees may not serve in that capacity without prior approval. Another document, the Certificate of Compliance (Appendix B), is required to be filed annually with this Office. While not a requirement, it is recommended that prospective trustees or their representatives schedule an appointment with the staff of this Office for an orientation to the specialized procedures and requirements which have been established by law with respect to blind trust administration.

No form language should be unqualifiedly relied upon. Each provision of the model trust agreement should be considered in connection with the circumstances of the particular case and modified to the extent that may be appropriate. However, many of these provisions contain the minimum requirements for blind trusts which may be qualified by this Office, and the Certificates must be executed in the form indicated.

For further information write to the Office of Government Ethics, P.O. Box 14108, Washington, D.C. 20044, or visit the Office in Suite 436, 1717 H Street, N.W., telephone 202-632-0569.

TRUST AGREEMENT

THIS TRUST AGREEMENT made and entered into this _____ day of _____ , 198__, between _____ whose home address is _____, hereinafter called the Settlor, and _____ of _____ [firm], whose business address is_____, hereinafter called the Trustee.

WITNESSETH

SETTLOR has been appointed by the _____ to the position of _____ of the _____ [department or agency], with respect to which appointment the _____ has given its advice and consent. To avoid any conflict of interest, or appearance of any such conflict, which may arise from his duties and powers in such office and any other office to which he may subsequently be appointed to the extent provided for by section 202(f)(4)(A) of the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended)[hereinafter referred to as the "Act"], Settlor hereby creates a trust which shall become effective on the date this agreement bears.

Settlor, therefore, hereby delivers to the Trustee, and the Trustee hereby acknowledges receipt of, the property listed in the annexed Schedule A, subject to the provisions of this Trust and the Act, and regulations promulgated thereunder, and other applicable Federal laws, Executive orders, and regulations.

The primary purpose of this Trust is to entrust to the Trustee decisions as to when and to what extent the original assets of the Trust are to be sold or disposed of and in what investments the proceeds of sale are to be reinvested, without any participation in, or knowledge of, such decisions by any interested person. Accordingly, the Settlor and the Trustee agree as follows:

FIRST: (A) This Trust shall terminate upon the first to occur of the following -- (1) Settlor's ceasing for any reason to serve as _____ and in any other position to which he may have been subsequently appointed in the Federal Government and Settlor thereafter giving Trustee written notice directing that this Trust be terminated; or (2) Settlor's death or incompetence. The period between the date of this agreement and the termination of the Trust shall be called the "Trust Term".

(B) Notwithstanding Paragraph (A) of this Article FIRST, this Trust agreement may in addition be

terminated through revocation. However, such revocation or any amendment of the terms of this Trust agreement shall require the prior written approval of the Director, Office of Government Ethics, upon a showing of necessity and appropriateness.

SECOND: The Trustee in the exercise of its authority and discretion to manage and control the assets of this Trust shall not consult or notify any interested party.

THIRD: (A) The Trust shall not contain any asset the holding of which by an interested party is prohibited by the Act and regulations promulgated thereunder, and other applicable Federal laws, Executive orders, and regulations.

(B) Each asset listed in the annexed Schedule A is free of any restriction with respect to its transfer or sale, except as fully described in such Schedule A.

(C) During the Trust Term, the interested parties shall not pledge, mortgage, or otherwise encumber their interests in the property held in trust hereunder.

FOURTH: The Trustee shall promptly notify the Settlor and the Director, Office of Government Ethics, when the holdings of and particular asset transferred to the Trust by any interested party have been completely disposed of or when the value of that asset becomes less than $1,000.

FIFTH: The income tax return of the Trust shall be prepared by the Trustee or his delegate, and such return and any information relating thereto (other than the Trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed publicly or to any interested party. To effectuate the provisions of this Article FIFTH, the Trustee shall use its best efforts to provide the interested party, promptly after the close of each taxable year of the Trust during the Trust Term, with that information concerning the Trust, including information on income, expenses, capital gains and capital losses, which is necessary for the interested party to prepare and file tax returns required by the laws of the United States and the laws of any State, district or political subdivision: provided however, that in no event shall the Trustee disclose publicly or to any interested party any information whatsoever which might identify the securities or other property which comprise the assets of the Trust or identify the securities or other property which have been sold from the assets of the Trust.

SIXTH: An interested party shall not receive any report on the holdings and sources of income of the Trust: except that the Trustee shall --

(A) Make quarterly reports of the aggregate market value of the assets representing such interested party's interest in the Trust,

(B) Report the net income or loss of the Trust and make other reports necessary to enable the interested party to complete an individual tax return required by law (in accordance with Article FIFTH of this Trust), and

(C) Provide an annual report for purposed of section 202(a)(1)(B) of the Act of the aggregate amount of the Trust's income attributable to the beneficial interest in the Trust of such interested party, categorized in accordance with the provisions of such section.

SEVENTH: There shall be no direct or indirect communication between an interested party and the Trustee with respect to the Trust unless the communication is in writing and has the prior written approval of the Director, Office of Government Ethics, and unless it relates only --

(A) To a request for a distribution from the Trust (which shall not specify whether any such distribution shall be made in cash or in kind),

(B) To the general financial interest and needs of the interested party (including, but not limited to, a preference for current income or long-term appreciation),

(C) To the notification of the Trustee of a law, Executive order, or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the Trust, or

(D) To directions to the Trustee to sell all of an asset initially placed in the Trust by an interested party which in the determination of the Settlor creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the Settlor (but any such direction is not required).

EIGHTH: The interested parties shall not take any action to obtain, and shall take appropriate action to avoid receiving, information with respect to the holdings of, and the sources of income of, the Trust, including obtaining a copy of any Trust tax return filed by the Trustee or any information relating thereto, except for the reports and information specified in Article SIXTH of this Trust.

NINTH: The Trustee and any other person designated in this Trust agreement as an investment adviser shall file with the Director, Office of Government Ethics, by the May 15th after any calendar year during which the Trust was in existence a properly executed Certificate of Compliance in the form prescribed in Appendix B to 5 C.F.R. Part 734. In addition, the Trustee shall maintain and make available for inspection by the Office of Government Ethics, as it may from time to time direct, the Trust's books of account and other records and copies of the Trust's tax returns for each taxable year of the Trust.

TENTH: The Trustee shall not knowingly or negligently --

(A) Disclose any information to any interested party with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust,

(B) Acquire any holding the ownership of which is prohibited by, or not in accordance with the terms of, this Trust,

(C) Solicit advice from any interested party with respect to this Trust, which solicitation is prohibited by any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust, or

(D) Fail to file any document required by Title II of the Act (and the regulations thereunder).

ELEVENTH: The Settlor shall not knowingly or negligently --

(A) Solicit or receive any information with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Title II of the Act (and the regulations thereunder) or this Trust, or

(B) Fail to file any document required by Title II of the Act (and the regulations thereunder).

TWELFTH: Subject to such amounts as the Trustee may from time to time reserve for the payment of such income taxes as may be due and payable by the Trust, and for payment of expenses and compensation as provided for in this Trust, during the Trust Term the Trustee shall pay to the Settlor the net income of the Trust, in convenient installments not less frequently than quarterly.

THIRTEENTH: In addition to the rights, duties, and powers conferred upon the Trustee by law, the Trustee shall have the following powers, rights, and discretion with respect to any Trust property held by him:

(A) To sell exchange, or otherwise dispose of the property in such manner and upon such terms as the Trustee in its sole discretion shall deem appropriate;

(B) Except as limited by specific enumeration in this Trust agreement, to invest and reinvest the principal and any undistributed income, in property of any kind;

(C) Except as limited by specific enumeration in this Trust agreement, to participate in any reorganization, consolidation, merger, or dissolution of any corporation having stocks, bonds or other securities which may be held at any time, to receive and hold any property which may be allocated or distributed to it by reason of participation in any such reorganization, consolidation, merger, or dissolution;

(D) To exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary, or otherwise, with respect thereto;

(E) To elect, appoint, and remove directors of any corporation, the stock of which shall constitute Trust property, and to act through its nominee as a director or officer of any such corporation;

(F) Except as limited by specific enumeration in this Trust agreement, to manage, control, operate, convert, reconvert, invest, reinvest, sell, exchange, lease, mortgage, grant a security interest in, pledge, pool, or otherwise encumber and deal with the property of this Trust, for Trust purposes and in behalf of the Trust to the same extent and with the same powers that any individual would have with respect to his own property and funds;

(G) Except as limited by specific enumeration in this Trust agreement, to borrow money from any person or corporation (including the Trustee hereunder) and for the purpose of securing the payment thereof, to pledge, mortgage, or otherwise encumber any and all such property for Trust purposes upon such terms, covenants, and conditions as it may deem proper and also to extend the time of payment of any loans or encumbrances which at any time may be encumbrances on any such property irrespective of by whom the same were made or where the obligations may or should ultimately be borne on such terms, covenants, and conditions as it may deem proper;

(H) To register any property belonging to the Trust in the name of its nominee, or to hold the same unregistered, or in such form that title shall pass by delivery;

(I) To abandon, settle, compromise, extend, renew, modify, adjust, or submit to arbitration in whole or in part and without the order or decree of any court any and all claims whether such claims shall increase or decrease the assets held under this Trust agreement.

(J) To determine whether or to what extent receipts should be deemed income or principal, whether or to what extent expenditures should be charged against principal or income, and what other adjustments should be made between principal and income, provided that such adjustments shall not conflict with well-settled rules for the determination of principal and income adjustments, or the Uniform Principal and Income Act, if in effect in the State of _____;

(K) To determine whether or not to amortize bonds purchased at a premium;

(L) Except to the extent otherwise expressly provided in this Trust agreement, to make distributions in kind or in cash or partly in each and for such purposes to fix, insofar as legally permissible, the value of any property;

(M) To employ or consult investment counsel and others concerning any aspect of the property belonging to the Trust and prospective Trust investments; provided that any person so employed or consulted is instructed by the Trustee to make no disclosure publicly or to any interested party which might identify the securities or other property which comprise the assets of the Trust or identify securities or other property which have been sold from the assets of the Trust;

(N) To pay such persons employed by the Trustee to assist it in the administration of the Trust, including investment counsel, accountants, and those engaged for assistance in preparation of tax returns, such sums as the Trustee deems to be reasonable compensation for the services rendered by such persons. Such persons may rely upon and execute the written instructions of the Trustee, and shall not be obliged to inquire into the propriety thereof;

(O) Except as specifically limited in this Trust agreement, to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not otherwise specifically mentioned in this Article THIRTEENTH, with relation to any such property, as if the Trustee were the absolute owner thereof, and in connection therewith to make, execute, and deliver any instruments and to enter into any covenants or agreements binding the Trust.

FOURTEENTH: Notwithstanding the provisions of Article THIRTEENTH of this Trust, the Trustee shall not acquire by purchase, grant, gift, exercise of option, or otherwise, any stock, security, or other property of any kind --

(A) the ownership of which would with respect to any interested party create a conflict of interest, or the appearance of such a conflict, or which any such interested party is prohibited from holding by any Federal law, Executive order, or regulation, or

(B) without the prior written approval of the Director, Office of Government Ethics, from any interested party.

FIFTEENTH: The Trustee shall not at any time be held liable for any action taken or not taken or for any loss or depreciation of the value of any property held in the Trust whether due to an error of judgment or otherwise where the Trustee has exercised good faith and ordinary diligence in the exercise of its duties such as would had been exercised by a prudent man.

SIXTEENTH: No Trustee hereunder shall be required, in any jurisdiction, to furnish any bond or other security, or to obtain the approval of any court before applying, distributing, selling, or otherwise dealing with property.

SEVENTEENTH: Except as provided in Article SIXTH of this Trust, the Trustee shall make no accounting to the Settlor until the date of termination of this Trust, and, at such time, it shall be required to make full and proper accounting and turn over to the Settlor all assets of the Trust then held by it the said Trustee.

EIGHTEENTH: The Trustee shall be compensated in accordance with the table in the annexed Schedule B, or as provided for by the laws of the State of _____.

NINETEENTH: The Trustee (and any substitute or successor) shall have the right, by a duly acknowledged instrument delivered to the Settlor to resign as Trustee in which event the Settlor shall designate and appoint a substitute or successor Trustee (subject to the prior written approval of the Director, Office of Government Ethics) in its place and stead, which shall have all of the rights, powers, discretions, and duties conferred or imposed hereunder upon the original Trustee.

The term "interested party" as used in this Trust means the Settlor, his spouse, and any dependent child.

The validity, construction, and administration of this Trust shall be governed by the Act (and regulations thereunder) and the laws of the State of _____.

Dated this ___ day of _____, 198__.

_____
Settlor

The above Trust is accepted this ___ day of_____, 198__.

_____
Trustee

By: _____

_____
(title)

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

APR 28 1987

Ms. Janice Sposato
Alternate Agency Ethics Official
General Counsel
Justice Management Division
Department of Justice
10th and Constitution Ave., N.W.
Washington, D.C. 20530

Dear Ms. Sposato:

As a follow-up to recent informal discussions which members of my staff have initiated concerning Attorney General Meese's annual (1986 SF-278) financial disclosure report, I am requesting that you provide my office a copy of the limited partnership agreement, as well as any other underlying documentation which establishes the character and nature of Mr. Meese's interests in Financial Management International, Inc. limited partnership (See p.5, Sch. A).

As you are aware, the basic instructions to the SF-278 public financial disclosure reporting form require that in the case of holdings that are nonpublic such as privately held limited partnership interests, sufficient disclosure must be made to give reviewers an adequate basis for the conflicts analysis required by the Ethics in Government Act.

The Ethics in Government Act contains specific requirements for the creation of blind trusts, including the necessity of approval by our Office (See 5 C.F.R. Part 734, Subpart D). We do not recognize "blind" arrangements created by a filer's own action. Attached for your review is our June 4, 1984 Informal Advisory Opinion 84 x 8 which discusses this principle.

We appreciate your continued cooperation in the implementation of the Department of Justice's public financial disclosure system.

Sincerely,

David H. Martin
Director

Enclosure

MEMORANDUM AND RELEVANT DOCUMENTATION REGARDING THE INVESTMENT OF FAMILY FUNDS BY ATTORNEY GENERAL EDWIN MEESE III

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ATTORNEYS FOR ATTORNEY GENERAL
EDWIN MEESE III

July 6, 1987

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THE HISTORY OF INVESTMENT OF FAMILY FUNDS BY ATTORNEY GENERAL EDWIN MEESE III

I.

INTRODUCTION

Questions have been raised in the media and in correspondence and public statements from Capitol Hill concerning the investment of funds belonging to Attorney General and Mrs. Edwin Meese III after Mr. Meese's 1985 confirmation as Attorney General. The documents concerning this investment were requested by Independent Counsel James C. McKay and have, to our knowledge, been fully reviewed by him and his staff. The documents have also been available to us as counsel for Attorney General Meese in connection with that investigation. We are publishing today a set of the relevant documents so as to satisfy the Congress and the public that there has been no impropriety or violation of any law or regulation in the conduct of Mr. Meese's personal financial affairs.

This Memorandum describes in detail the steps taken by Mr. Meese to ensure that, beginning in May 1985, the investment of his family assets of approximately $60,000 would not create any actual or apparent conflict of interest with his duties as Attorney General. The history of these efforts demonstrates that Mr. Meese was acting lawfully and properly at every stage of the events relating to this investment. Specifically, the following conclusions are warranted:

First, although he was not required by law to create a "blind" investment vehicle, Attorney General Meese sought in 1985 to place his family's modest estate in a form that would keep him from knowing where his money was being invested or controlling such investment in any manner.

Second, irrespective of whether the vehicle selected by him qualified as a "blind trust" under federal law, it had the actual consequence of placing the investment of his assets beyond his control and outside his knowledge.

Third, an after-the-fact review of the investment decisions made by Mr. Chinn, who acted as the investment advisor for the Meese family, discloses that no funds were actually invested in Wedtech Corporation or in any company related to Wedtech. Nor, given the nature of the investment strategy (based principally on "same day trades"), was there any possibility of actual conflicts of interest with respect to the stocks actually purchased and sold.

Fourth, on May 24, 1985, Mr. Meese signed a "recusal policy" drafted by the Office of Legal Counsel which listed the stocks sold by the Meese family and the financial interests retained by the Meeses. The limited partnership with Mr. Chinn's company, Financial Management International, Inc. ("FMII"), was inadvertently omitted from that list which had been prepared by Justice Department staff from Mr. Meese's Financial Disclosure Report for the prior period. However, the limited partnership with FMII was included in Mr. Meese's commitment to recuse himself "from participation in any matter in which I have a financial interest."

Fifth, the Attorney General complied fully with the Ethics in Government Act when he listed the limited partnership with Mr. Chinn's corporation on his 1985 Financial Disclosure Report. The statute and regulations do not address specifically the manner of disclosure for this type of investment, and it was reasonable for Mr. Meese to conclude that his disclosure fully complied with the law.

Sixth, shortly after signing his Report, Attorney General Meese fully explained the terms of the investment of family funds in a meeting with Justice Department ethics officials, who then accepted the disclosure on the Report as adequate. The Office of Government Ethics ("OGE"), during its subsequent 60-day statutory review of the Report, asked no questions about that entry, although additional information was requested and provided as to other entries. Nor did the OGE seek any additional information regarding the entry for the seven months between September 30, 1986 and April 28, 1987 -- when the investment became the subject of substantial publicity. From this silence, Attorney General Meese had every reason to believe, in good faith, (1) that his Financial Disclosure Report met all the technical requirements of the Ethics in Government Act, and (2) that the OGE had agreed with the Justice Department ethics officials' conclusion that his Report fully complied with the law.

Seventh, the Office of Government Ethics violated federal law when, rather than following the course prescribed by the Ethics in Government Act and discussing any questions

directly with Mr. Meese, it stated its views to a Congressman who had inquired about Mr. Meese's financial disclosure.

The questions subsequently raised in the media about Attorney General Meese's investment spring directly from OGE's failure to follow the procedures specified in the Ethics in Government Act. Had the Office of Government Ethics followed the consultation course prescribed by federal law anytime between the end of September 1986 and April 1987, and informed Mr. Meese that additional disclosure was required, the information that is now being made public would have been obtained and added to the 1985 Financial Disclosure Report months ago.

Mr. Meese, in short, has done what a government official is supposed to do. Indeed, he has done more than is required to ensure against conflicts of interest.

II.

THE HISTORY

1. Mr. Meese Agrees During His Confirmation Hearings To Sell Certain of His Family's Securities.

Prior to his January 1985 confirmation hearings, Mr. Meese, along with Mrs. Meese, held a limited number of diversified stocks and bonds, most of which had been inherited or received by Mrs. Meese from family members. The value of these stocks and bonds fluctuated, and their value in early 1985 approximated $60,000.

Mr. Meese was advised by the Justice Department's Designated Agency Ethics Officer to divest himself of certain stocks and bonds. Among various telephone industry stocks and bonds, Mr. and Mrs. Meese then owned 170 shares of AT&T stock, and had received 17 additional shares from each of seven "Baby Bell" companies as a result of the telephone industry reorganization. By letter dated January 23, 1985, Mr. Meese advised the Office of Government Ethics that he and Mrs. Meese would divest themselves of their telephone industry holdings and two oil company stocks (Texaco and Exxon) (Tab 1). Mr. Meese was not required to establish a "blind trust" nor did he commit to the establishment of such a trust. Nor was he required to divest himself or his wife of any other securities holdings.

2. Mr. Meese Chooses W. Franklyn Chinn To Invest His Family Funds.

Under federal law, the Attorney General had ninety days after his confirmation to implement his promised divestiture. Shortly before that date, Mr. Meese voluntarily decided that, in addition to selling the family's telephone industry stocks and bonds, the Meeses would sell other similar investments and place the cash proceeds in an investment vehicle that would preclude the Attorney General from controlling or knowing what was done with his money. A longtime friend and adviser suggested that Mr. Meese place his money with W. Franklyn Chinn, a California investment advisor who had a proven record of successful investments.

Mr. Chinn entered into a limited partnership with Mr. and Mrs. Meese, through his financial investment company, Financial Management International, Inc. ("FMII"). Mr. Chinn prepared a limited partnership agreement for Mr. and Mrs. Meese to sign. The agreement provided, in essence:

-- that FMII would be the general partner, with "full power, authority, and discretion to manage the investment policy and assets of the partnership as it shall think most fitting";

-- that Mr. and Mrs. Meese would be limited partners who "have no power, authority or direction in the management or investment policy and assets of the partnership"; and

-- that the limited partners "will have no knowledge as to the selection of assets in which investments are made or trades accomplished and will rely entirely upon the ability and skill rested in the general partner."

The agreement, signed and dated May 23, 1985, is set forth at Tab 2.

Mr. Meese simultaneously transmitted his stock and bond certificates to Mr. Chinn, with directions that they be liquidated and placed in the limited partnership account. The certificates included all of the telephone industry stocks and bonds, except for the "Baby Bell" stock certificates, which Mr. and Mrs. Meese could not locate. 1/ To comply with his commitment to divest himself of these stocks (seven certificates of 17 shares each), Mr. Meese asked that a formal written

---

1/ Mr. and Mrs. Meese also could not locate certain Los Angeles Housing Authority and Santa Fe Southern Pacific securities, but these were not among the securities which he had agreed to sell.

"Transfer of Property" be prepared. The Meeses signed the document on May 23, 1985. The "Transfer" (Tab 3) assigned all "right, title and interest" in the missing stock certificates to Mr. Chinn and promised to provide the certificates themselves "as soon as they are available."

3. Attorney General Meese Signs and Distributes the "Recusal Policy" Memorandum.

In anticipation of Mr. Meese's actions to carry out his promise to the Senate, the Justice Department's Office of Legal Counsel prepared a draft of a "Recusal Policy" for dissemination by the Attorney General. The draft and a covering memorandum (Tab 4) were received in the Office of the Attorney General on April 29, 1985. The Office of Legal Counsel advised Mr. Meese that the deadline for the implementation of his divestment promise was May 24, 1985, and its draft "Recusal Policy" included two attachments listing holdings that the Meeses would divest by May 24, 1985, and those in which they continued to have "a financial interest." The memorandum from the Office of Legal Counsel stated:

> Also, please note that we compiled the attached list of your current financial holdings (Appendix A to the draft recusal policy) from your Financial Disclosure Report dated January 10, 1985.

Although the memorandum advised that the list should be modified "if there are any changes in your financial holdings . . . prior to circulation of the recusal policy," the name of Mr. Chinn's corporation inadvertently was not added to Appendix A. In the limited time prescribed by federal law to conclude these

personal financial arrangements, Mr. Meese did not make a deliberate decision to omit FMII; he signed the draft that had been prepared for him.

The "Recusal Policy" was not, of course, limited to the entities described in Appendix A. The memorandum to all "Heads Of Offices, Bureaus, Boards And Divisions" and "All Personnel, Office of the Attorney General" (Tab 5) stated:

> In addition, pursuant to 18 U.S.C., Section 208, I will disqualify myself from participation in any matter in which I have a financial interest within the meaning of that statute unless I obtain a waiver pursuant to Section 208(b).

Appendix A was not intended to be, and was not, the exclusive list of matters in which the Attorney General would recuse himself. The fact is that Mr. Meese never participated in any "matter" before the Department of Justice regarding FMII. When the Attorney General was informed in early April 1987 by federal investigators in the Wedtech investigation being conducted by the United States Attorney for the Southern District of New York that Mr. Chinn might be a subject of that investigation, Mr. Meese promptly recused himself from the Wedtech investigations.

4. Mr. Chinn Invests the Meese Funds.

Upon receiving the stocks and bonds from Mr. and Mrs. Meese, Mr. Chinn sold them, as he had been directed to do. The proceeds were placed in two brokerage accounts (one for Mrs. Meese and the other for the Meeses jointly) at the brokerage firm of Bear Stearns in San Francisco, California. On July 26, 1985,

Mr. Chinn established a brokerage account in the name of the limited partnership at Bear Stearns, and virtually all of the proceeds of the earlier sales were placed in this account. (A nominal balance retained in the Meese accounts was transferred in full to the partnership account in early 1986.) In October 1985, Mr. Chinn established an additional trading account for the partnership at Imperial Trust Company in San Francisco with a part of the funds from the Bear Stearns partnership account. For the balance of the life of the limited partnership, all trades were made through these two accounts.

Mr. Chinn's investment strategy was to buy stocks (usually new issues) in the morning and sell them in the afternoon. Usually this produced a profit, although at times there were losses. Over time, he generated enough income through such short-term trades to provide a good return for the Meeses and for his own corporation. Mr. Meese, pursuant to the blind nature of the limited partnership, had no knowledge of what strategy Mr. Chinn was utilizing or what transactions were being conducted for the limited partnership.

Mr. Chinn's investment strategy meant that the limited partnership actually owned stock for only 19 days of the 760 days of its existence. For the balance of the limited partnership's life, its asset was cash in interest-bearing brokerage/money market accounts at Bear Stearns and Imperial Trust Company.

At various times profits realized from the transactions were distributed to Mr. and Mrs. Meese. They received $11,500 in 1985, and no distributions in 1986. They have received $5,000 in

1987. FMII received a performance fee calculated pursuant to a formula in the agreement for its work as general partner and investment advisor. In 1985, FMII earned approximately $2,800 and in 1986 it earned approximately $2,400. FMII's fee for 1987 has not yet been finally determined, but it will not substantially exceed the prior fees.

The 23 stocks traded by the partnership, the gross income from each trade, and the dates of the trades, are set forth in schedules at Tab 6. The Meeses' income from the partnership for 1985 and 1986 appear in the Tax Schedule K-1's for 1985 and 1986 (Tab 7). The income for 1986 and for the first quarter of 1987 appears in the financial reports prepared by the partnership's accountants for 1986 and 1987 (first quarter) (Tab 8).

5. Mr. Meese Files His 1985 Financial Disclosure Report Which Is Approved by the Justice Department's Ethics Officers.

On June 19, 1986, Mr. Meese signed and filed his Disclosure Report for Calendar Year 1985. 2/ The Report was reviewed, as such reports routinely are, by the Justice Department's Designated Agency Ethics Official, Assistant Attorney General for Administration W. Lawrence Wallace, and by the Alternate Agency Ethics Official, General Counsel for the Justice Management Division Janis A. Sposato.

2/ Extensions of time from the May 15, 1986, filing date had been granted in writing, as permitted by law (Tab 9).

Shortly after they received the Report, Mr. Wallace and Ms. Sposato met with Attorney General Meese to discuss certain aspects of his Report, including the entry for FMII. Mr. Meese explained to them that the investment was made under an arrangement whereby the general partner managed the Meeses' money without disclosing his investments to the limited partners. The Meeses received only a quarterly accounting of the balance, such as appears at Tab 8. Ms. Sposato approved the Report, which was thereafter signed by Mr. Wallace. Ms. Sposato also verified the existence of FMII by requesting a Dun & Bradstreet report. The report she received, with original markings, appears at Tab 10. Mr. Meese's Report was transmitted on September 30, 1986, to the Office of Government Ethics for review (Tab 11).

6. The Office Of Government Ethics Has No Questions Regarding the Limited Blind Partnership.

On November 24, 1986, an employee of the Office of Government Ethics asked an attorney on the staff of Ms. Sposato about the Attorney General's Financial Disclosure Report. The questions did not concern the limited partnership listed on the Report, but related entirely to certain gifts enumerated in the Report. The Office of Government Ethics asked only whether some gifts came from personal friends and whether others were received from charitable organizations.

On November 30, 1986, the sixty-day statutory period in which OGE was required to conclude its review expired. For the next five months, there was no contact between the OGE and the

Justice Department or Attorney General Meese regarding his Report. So far as Mr. Meese knew, the form had been fully reviewed and approved by the appropriate ethics officers. At no time was he told that there was any problem with the Report, or that additional information might be required. Only after press reports in April 1987 did the OGE send a letter to Ms. Sposato requesting a copy of the limited partnership agreement.

7. The Attorney General Is Granted a Statutory Waiver With Respect to the "Baby Bell" Stocks.

Following the signing, in May 1985, of the "Transfer of Property" agreement relating to the shares of "Baby Bell" stocks, Mr. and Mrs. Meese tried to find the certificates among their papers. By the end of 1985, it was clear that the certificates could not be located, and the Meeses wrote for replacement certificates. Forms were sent to them, and these were completed and returned in August 1986. Mr. Meese was then advised that the wrong forms had been sent, and the correct forms were dispatched.

Because he was concerned by early 1987 that the substitute certificates had still not arrived and been transferred to Mr. Chinn, the Attorney General requested a waiver of any conflict of interest that might be presented by his nominal retention of these stocks. A waiver was granted on January 20, 1987, pursuant to 18 U.S.C. § 208(b) and 3 C.F.R. § 100.735-32, by Peter J. Wallison, Counsel to the President (Tab 12). Footnote 1 of Mr. Wallison's Memorandum describes the fact that the stock had been sold but that Mr. Meese retained nominal

title "only because the stock certificates could not be located at the time of sale." Mr. Wallison granted the waiver on the ground that the aggregate value of the "Baby Bell" stocks ($9,611) was de minimis:

> I am authorized to grant a waiver . . . if it is determined that the interests are "not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect" from you.
>
> I do not believe that the [Baby Bell stocks] are likely either to influence you in your discussions related to the consent decree involving the telephone industry or to cause the public to question your integrity on the issue.

8. Attorney General Meese Terminates the Limited Blind Partnership.

In light of the publicity surrounding the Wedtech investigation, and Mr. Chinn's identification as a possible subject of that investigation, Mr. Meese decided to terminate the limited partnership. On May 5, 1987, Mr. Meese sent a formal termination notice to Mr. Chinn (Tab 13). Pursuant to the terms of the agreement, the limited partnership ended effective June 30, 1987.

Mr. Chinn will be remitting the partnership proceeds to Mr. and Mrs. Meese in the near future. He has also been asked to transfer back to Mr. and Mrs. Meese the ownership of the "Baby Bell" stocks (Tab 14). Dividends received in the interim had been held, and not deposited, by the Meeses, who intended to transfer them to Mr. Chinn together with the new certificates.

As soon as the substitute stock certificates are received, Mr. Meese will liquidate his investment in those stocks.

III.

ATTORNEY GENERAL MEESE'S CONDUCT
HAS BEEN ENTIRELY LAWFUL AND CORRECT

This historical account demonstrates that Mr. Meese was acting lawfully and properly at every stage of the events relating to the recent investment of his family's relatively modest estate. The creation of the investment vehicle was designed to go well beyond the conflict-of-interest strictures prescribed by federal law. The reporting and disclosure of the investment satisfied the requirements of the law, as understood by Justice Department officials. And the Attorney General was ready, if any further information was needed, to provide whatever the Office of Government Ethics might request. He reasonably concluded from the silence of that Office that no further investigation was needed.

1. The Creation Of The Investment Vehicle Was Proper.

Attorney General Meese went beyond his promise to Congress and determined to liquidate his family's interest in its publicly traded stocks. He also determined to create an investment mechanism which gave him no control over, or knowledge of, investments being made for his benefit. Both of these measures exceeded the requirements of federal law, and were designed to prevent any possibility of a conflict of interest.

Some telephone stock certificates could not be found by May 24, 1985, and these were assigned by deed to Mr. Chinn so that the Meeses, albeit record owners, would no longer have beneficial ownership of these stocks. When there were unexpected delays in obtaining substitute certificates, Mr. Meese explained the situation to White House Counsel and received a statutory waiver.

2. The Invested Funds Were Properly Reported.

Mr. Meese reasonably believed that the limited partnership with Financial Management International, Inc. could be reported on his Financial Disclosure Report as a single holding, rather than by listing all the partnership's separate transactions (which were deliberately screened from Mr. Meese).

There is nothing in the statute or the regulations that specifically deals with investment arrangements such as the Meeses' limited partnership with FMII. The Ethics in Government Act provides that the holdings and transactions of a "trust or other financial arrangement" must be reported unless the trust is "qualified" within the meaning of the statute. 5 U.S.C. App. § 202(f)(1). The term "other financial arrangement" is nowhere defined by the regulations. Indeed, the portion of the regulations dealing with this issue is titled "Trusts and Estates" (5 C.F.R. § 734.303(c)) -- a topical description that would lead one to believe that "other financial arrangement" refers to estate holdings, not partnership interests.

The Office of Government Ethics has addressed this ambiguity in various situations. In the case of mutual funds, for example, the OGE does not require an official to list the stocks, bonds or other securities in which the fund manager invests the government official's funds. The Department of Justice Ethics Officer who approved Mr. Meese's 1985 Report indicated that she considered his "limited blind partnership" to be similar to a mutual fund.

The OGE has also recently recognized private investment arrangements as one possible means of ensuring that an official's financial interests are too remote or intangible to affect the integrity of the official's government service. In an April 3, 1986, Opinion Letter, the Director of OGE stated that a private investment club (in which a group of investors combine their resources and make joint decisions about investments) may be an appropriate mechanism for avoiding conflicts of interest (Tab 15). If anything, the clubs referred to by the OGE provide less assurance of officials' "blindness" to the investments made than the limited partnership arrangement between the Meeses and FMII. Under the Meeses' limited partnership, Mr. Meese had no control over, or knowledge of, the investments. The general manager was an independent company engaged in the business of financial advice and investment. The investments were strictly short-term day trades. Under such circumstances, the ownership interest in the stocks was too insubstantial and too fleeting to create a conflict of interest. Most importantly, the stocks

involved and the dates of the transactions were completely unknown to Mr. Meese until long after the fact. 3/

With respect to "blind" investment vehicles, such as the limited partnership with FMII, the OGE's regulations state that "an underlying concept is that if a government official does not know the identity of his or her interests, his or her official actions should not be subject to collateral attack by questions of conflict of interest or the appearance of such a conflict." 5 C.F.R. § 734.401. That objective was fully implemented in this case.

3. The Attorney General Properly Relied on the Apparent Approval of the Office of Government Ethics.

The Office of Government Ethics has the duty, under law, to notify any Executive Branch official who submits a Financial Disclosure Report if "additional information" is required to comply with the law. 5 U.S.C. App. § 206(b)(2)(A); 5 C.F.R. § 734.604(b)(2). Moreover, the OGE's statutory review obligation must be fulfilled within 60 days of transmission of the Report. Hence, by the end of November 1986, OGE should have made such a request if it believed Mr. Meese's Report was inadequate insofar as it listed a "limited blind partnership" with FMII.

3/ Mr. Meese received annual partnership tax returns for the partnership, and an attachment to these returns listed the dates, amounts and stocks that had been traded during the preceding year. Mr. Meese never reviewed these, however, and merely provided the relevant information to his own accountant for the preparation of his personal tax return. At no time did Mr. Meese have current knowledge of the partnership's investments.

OGE made no such request. It did ask about other items on the Report such as gifts. But it apparently was satisfied with the disclosure regarding FMII.

Nor did OGE take any of the other procedural steps mandated by law. If OGE believed, as its letter of June 26, 1987, to Congressman Sikorski indicates, that there was some flaw in the reporting of the limited blind partnership, OGE had a duty to notify Mr. Meese of that conclusion and invite a response. See 5 U.S.C. App. § 206(b)(2)(B), 206(b)(3); 5 C.F.R. § 734.604(b)(3) & (4).

Attorney General Meese learned of OGE's views on June 30, 1987, when Congressman Sikorski published the correspondence he had had with OGE. OGE did not even send a copy of its letter to the individual whose Financial Disclosure Report was the subject of his opinion. Had a request been made of Attorney General Meese by the OGE at any time after the Report was sent to it, Mr. Meese would have provided the requested information. He is surely not to blame for assuming, as the law entitled him to do, that the Report satisfied the standards of the Office of Government Ethics.

The actions and omissions of the OGE are primarily responsible for the criticism that Attorney General Meese has had to confront. Had the OGE executed its responsibility properly, any required disclosures would have been made by Mr. Meese long ago.

IV.

CONCLUSION

The public controversy over Attorney General Meese's Disclosure Report has its genesis in the Wedtech investigation. There has been widespread speculation in the press that Mr. Meese invested his money with Mr. Chinn in order to benefit from Wedtech. Today's disclosure demonstrates that such speculation is completely baseless. There was no investment in Wedtech or any Wedtech-related entity. The Chinn investments were trades in publicly held corporations, made through established brokers, with no relation whatever to Wedtech.

Attorney General Meese voluntarily went beyond his commitment to Congress, established a blind investment vehicle for the proceeds of all his and his wife's securities holdings, reported that investment on his 1985 Disclosure Report, and relied upon a decision by ethics officials that his disclosure was proper. The conduct of the Office of Government Ethics gave him no reason to doubt the validity of that conclusion.

On June 15, 1987, Mr. Meese signed and filed his Calendar Year 1986 Financial Disclosure Report. That Report is being made public today. At the time Mr. Meese signed and filed his Report, he treated the FMII limited partnership investment in the same manner as it was treated on his 1985 Report, relying on the conclusion reached in July 1986 following his meeting with Justice Department ethics officials. Attorney General Meese has now informed reviewing officials that he is prepared to provide

any additional information that might reasonably be required to ensure that his Report is in compliance with the law.

Mr. Meese is prepared now, as he always has been, to ensure that his filings under the Ethics in Government Act are proper and in accordance with the law. The actions he has taken, as set forth in this memorandum, the actions that he will take in the future with respect to his 1986 Report, and the fact that he has directed his counsel to prepare and distribute this memorandum, are all strong evidence of his intent to comply not only with the letter but the spirit of the law.

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Attorneys for Attorney General
Edwin Meese III

July 6, 1987

APPENDICES

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THE WHITE HOUSE

WASHINGTON

23 January 1985

David H. Martin, Esq.
Director
Office of Government Ethics
Suite 436
1717 H Street, N.W.
Washington, D.C. 20415

Dear Mr. Martin:

This letter sets forth the steps I intend to take upon confirmation as Attorney General of the United States with respect to my financial interests and those of my wife and my dependent child, as reported on my financial disclosure statement (SF 278). The letter also sets forth my intended policy of recusal from participation in particular matters as Attorney General.

Upon the advice of the Designated Agency Ethics Official of the Department of Justice, my wife and I intend to sell the stocks and bonds listed on the attachment to this letter, upon my confirmation or as soon thereafter as is practicable.

Pursuant to 18 U.S.C. § 208, I will either recuse myself from participation, or seek a waiver under § 208(b), from any matter in which I have a financial interest within the meaning of that statute. This disqualification commitment includes any matters involving my interest in pensions from the University of San Diego TIAA/CREF, the Alameda County retirement plan, or the State of California Public Employee Retirement System. I also intend to disqualify myself from any official matters or discussions involving the investigation by Independent Counsel Jacob Stein, or related matters such as my petition for reimbursement of attorneys' fees. In this regard, I also intend to disqualify myself from any matters involving the law firms that represented me in the Independent Counsel investigation, at least until the liability to those firms reported on my SF 278 is discharged.

Finally, I will recuse myself from participation in any matter in which, in my judgment, it is desirable for me to do so in order to avoid an appearance of impropriety. Such a policy, to which I am committed, will avoid any actual or apparent conflict of interest between my duties as Attorney General and my personal financial interests.

I intend to notify the Department's Designated Agency Ethics Official, my immediate staff, and the heads of the Department's Offices, Boards, Bureaus and Divisions of this recusal policy and to direct my staff to advise me when any particular matter arises in which it may be necessary or desirable for me to recuse myself.

Sincerely,

Edwin Meese III

EDWIN MEESE III
Counsellor to the President

cc: Anthony C. Liotta
Assistant Attorney General for Administration
United States Department of Justice

ATTACHMENT

The following stocks and bonds, which were reported in the SF-278 for CY 1984/1985 YTD, will be divested by Mr. and Mrs. Meese upon confirmation or as soon thereafter as is practicable:

AT&T stock

Ameritech stock

Bell Atlantic stock

Bell South stock

NYNEX stock

Pacific Telesis stock

SW Bell stock

US West stock

Exxon stock

Texaco stock

AT&T bond

New York Telephone bond

Southwestern Bell Telephone bond

LIMITED PARTNERSHIP AGREEMENT

OF

MEESE PARTNERS, a California limited partnership

THIS AGREEMENT, entered into as of May 23, 1985, between FINANCIAL MANAGEMENT INTERNATIONAL, INC., a California corporation, as general partner, and EDWIN MEESE III and URSULA MEESE as limited partners, provides for the formation and operation of a limited partnership between the parties. The parties hereby agree as follows:

1. Formation, Purpose and Name: The parties hereby associate themselves together as partners pursuant to the California Uniform Limited Partnership Act. Financial Management International Inc. shall be the general partner and EDWIN MEESE III and URSULA MEESE shall be the limited partners. The purpose of the partnership is to invest the assets of the partnership in securities. The name of the partnership shall be Meese Partners," a California limited partnership.

2. Term of partnership: The partnership shall commence as of May 23, 1985 or upon the filing of the Certificate of Limited Partnership required by section 15621 of the California Corporations Code, whichever is later. However, for purposes of accounting, the partnership shall be deemed to commence on January 1, 1985. Unless otherwise dissolved or terminated by operation of law or as herein provided, the partnership shall continue in effect until December 31, 1999. The partnership shall terminate upon the extinction, suspension or adjudicated bankruptcy of the general partner, or upon the cessation of the active participation of W. Franklyn Chinn in the management and affairs of the general partner. Either party may terminate this agreement and the partnership provided for herein by written notice to the other at any time; in such case the partnership shall be deemed terminated as of the last day of the calendar month following the calendar month in in which such notice is given. Upon any termination of the partnership the affairs of the partnership shall be wound up as expeditiously as possible and the assets thereof be distributed, subject to law, by determining the final compensation due the general partner, distributing such compensation to him, and distributing all other assets of the partnership to the limited partner.

3. Contributions of the partners: The limited partner shall contribute money in the sum of _____ to the partnership. The general partner shall [illegible]

services and provide management and administration of the partnership's affairs as provided in paragraph 4 hereof.

4. Powers and duties of general partner:

(a) The general partner shall manage the affairs of the partnership, and solely direct its activities in accordance with the investment policies hereinafter set forth. It shall provide all general overhead and administrative services necessary for the partnership. Brokers' commissions on securities transactions, taxes on transfers of securities, and any charges of banks or brokers for services in connection with the settlement and clearing of securities transactions, shall not be borne by the general partner but shall be charged against the cost of securities purchased, or against the proceeds of securities sold, as the case may be; and the costs of legal services (including such services in connection with the formation of this partnership), and bookkeeping and accounting services necessary for compliance with the accounting and reporting requirements set forth in paragraph 5, shall not be the responsibility of the general partner but shall be charged against the income of the partnership.

(b) The primary investment objective of the partnership shall be the preservation of capital, but this shall be construed in the context of domestic inflation and international currency instabilities, and to mean the preservation and increase of the current purchasing power of the partnership's capital. It is understood that execution of this policy may from time to time involve investment and trading techniques generally considered aggressive, such as the buying and selling of options; investment of the entire portfolio temporarily in a single industry or security; and a frequency of portfolio turnover far beyond what might be considered normal in the discretionary accounts of brokers and investment advisors.

(c) The general partner shall have full power, authority, and discretion to manage the investment policy and assets of the partnership as it shall think most fitting. The limited partner shall have no power, authority or direction in the management or investment policy and assets of the partnership. The limited partner will have no knowledge as to the selection of assets in which investments are made or trades accomplished and will rely entirely upon the ability and skill rested in the general partner. It is the express intention of the general partner and the limited partner that the limited partner be without any actual or implied knowledge of the investments undertaken. No stranger to the partnership shall be under any duty of inquiry as to the suitability of any act of the general

partner under the foregoing investment policy. Notwithstanding anything set forth in subparagraph (b) of this paragraph 4, the general partner shall have the power to purchase, hold and sell securities (as "security" is defined in the California Corporate Securities Law or in the Securities Act of 1933) or any rights or interest in such securities; to maintain cash accounts in the name of the partnership with brokers; to maintain deposit accounts of all kinds with banks and other financial institutions; to engage in short sales of securities; to write all manner of options whether or not against positions held by the partnership; and to make and execute in the name of the partnership, and to enforce and perform, all contracts which may be necessary or appropriate to any of such powers; and, generally, to act for the partnership in all matters in connection with the carrying-out of the purposes of the partnership.

(d) The general partner may (at its own expense) employ investment advisors and account managers, and may delegate to such advisers and managers full authority to manage segregated portions of the portfolio of the partnership, including authority to direct brokers to buy and sell securities for the account of the partnership.

(e) All funds and portfolio securities of the partnership shall be and remain in the custody of such banks or brokers as the general partner shall soley designate.

5. Accounting, compensation of general partner, and distributions:

(a) The general partner shall cause the accounts of the partnership to be regularly kept on an accrual basis in accordance with generally accepted accounting principles. He shall render quarterly reports to the limited partner within 20 days following the end of each calendar quarter, and shall cause to be prepared and furnished in a timely fashion annual state and federal partnership returns of income.

(b) The books of the partnership shall be closed as of the end of each calendar quarter in accordance with the following calculations and procedures.:

(i) A "Tentative Quarterly Net Income" shall be determined without regard to the "Administrative Fee" hereinbelow provided for. Said "Tentative Quarterly Net Income" shall take into account dividends, interest and other items normally recognized as income, and such expenses as are not the responsibility of the general partner under paragraph 4 of this

agreement; but gains and losses on dispositions of investments shall not be taken into account for purposes of determining income under this paragraph, and brokerage commissions, transfer taxes and other costs directly associated with the purchase or sale of investments shall be charged to the cost or proceeds of the acquisition or disposition; provided, however, that receipts by the partnership of rebates or refunds of brokerage charges shall be treated as realized short term capital gains for purposes of this subparagraph (b).

(ii) A "Tentative Quarter-End Net Capital" shall be determined by valuing the assets of the partnership (excluding income for the quarter) and subtracting from the asset values the liabilities of the partnership (excluding expenses for the quarter, which exclusion shall include the quarterly compensation of the general partner pursuant to this paragraph). Asset values shall be measured by the latest publicly-reported transaction prices as of the close of the quarter.

(iii) One-fourth of one percent (.0025) of the "Tentative Quarter-End Net Capital" shall be computed. Said it is the "Quarterly Administrative Fee," and shall be charged first against the Tentative Quarterly Net Income, but any excess of such Quarterly Administrative Fee over such Tentative Quarterly Net Income shall be charged against the "Tentative Quarter-End Net Capital. The "Adjusted Quarter-End Net Capital" shall be computed by subtracting from the Tentative Quarter-End Net Capital any such excess of the Quarterly Administrative Fee over the Tentative Quarterly Net Income. The "Adjusted Quarterly Net Income" shall be computed by subtracting from the Tentative Quarterly Net Income the charge for the Quarterly Administrative Fee hereinabove provided for.

(iv) A "Cumulative Administrative Fee" shall be computed by taking the sum of all Quarterly Administrative Fees from the inception of the partnership to the date of the closing of the books, including the Quarterly Administrative Fee for the quarter, just ended.

(v) The "Cumulative Performance Fee" shall be determined as follows: First, there shall be determined the sum of all realized gains on sales of securities and all unrealized appreciation (measuring value of assets at the latest publicy-reported transaction prices as of the close of the quarter) in value of assets from the inception of the partnership to the end of the quarter just closed; next, there shall be determined the sum of all realized losses on sales of securities and all unrealized depreciation (measuring value of assets at the latest

publicly-reported transaction prices as of the close of the quarter) in value of assets, from the inception of the partnership to the end of the quarter just closed; the difference between the two sums shall then be determined, and twenty percent of the difference shall be computed. The product of this last calculation whether positive or negative, is the "Cumulative Performance Fee."

(vi) The "Cumulative Compensation" of the general partner is the Cumulative Administrative Fee or the Cumulative Performance Fee, whichever is larger. The "Current Distribution to General Partner" shall be computed as follows: First, there shall be subtracted from the "Cumulative Compensation" the sum of all prior distributions to the general partner. The difference is the "Tentative Current Distribution to General Partner." The Current Distribution to General Partner shall be the Tentative Current Distribution to General Partner or the Quarterly Administrative Fee, whichever is larger.

(vii) In the case of any final accounting period of less than a full calendar quarter, the Quarterly Administrative Fee shall be prorated according to the number of business days of the quarter to which the foregoing calculations and procedures apply.

(c) The Current Distribution to General Partner shall be distributed to the general partner quarterly, as soon as may be convenient after the necessary calculations shall have been made.

(d) The limited partner may at any time request distribution of all or any part of the income or capital standing to his credit on the partnership books as of the close of the prior quarter, and the general partner shall promptly comply with any such request; provided, however, that the claims of the partnership's creditors and the claim of the general partner for his prorated Quarterly Administrative Fee shall, if the request of the limited partner be so great as to bring this proviso to bear, take precedence. Unless otherwise specified in the request, any such distribution shall be charged first against the income account of the limited partner, and next against its capital account. Any sum standing to the credit of the limited partner in its income account as of the end of a calendar quarter shall, unless distribution thereof be requested by the limited partner within the first calendar month of the succeeding quarter, be transferred, as of the first day of such succeeding quarter, to the limited partner's capital account. All credits entered in the capital account of the limited partner shall be deemed to be additional contributions by the limited partner to the capital of the partnership.

(e) Except as herein provided for by way of compensation of and distributions to the general partner, the entire income and capital of the partnership shall belong to the limited partner.

6. Place of business; notices: Initially the principal place of business of the partnership shall be maintained by the general partner at 1221 Jones Street, Suite 6Z, San Francisco, California 94109. The general partner may change such principal place of business, upon written notice to the limited partner, from time to time, provided that such principal place of busines shall never be removed from the State of California. Any notic under or pursuant to this agreement may be given to the general partner at the partnership's principal place of business, or to the limited partner at such place as the limited partner may fr time to time designate by written notice to the general partner. In the absence of such notice the general partner shall address mail to the limited partner at 1075 Springhill Road, McLean, Virginia 22101. Any notice sent by registered mail or certifie mail with return receipt requested shall be deemed received upo actual delivery thereof or refusal thereof by the party to whom is addressed, or upon the second attempt of the U.S. Postal Service to deliver the same. Any notice sent by ordinary first-class mail shall be deemed received on the first day after its deposit in the United States Mail.

7. Limited partner's liability, additional contributions: The limited partner shall be saved and held harmless by the general partner from any and all liability arising out of the affairs of the partnership beyond his agreed contributions to t partnership. It is understood that the limited partner has not agreed to make any contribution to the partnership beyond that forth in paragraph 3 of this agreement. Nevertheless, the limi partner shall have the privilege of making additional contributions from time to time should he so choose and it is understand that such contributions, together with amounts added the capital or income account of the limited partner from time time pursuant to paragraph 5 of this agreement, shall be deemed be agreed contributions of the limited partner.

8. Substitution, assignment, etc.: The limited partner shall not assign any part of his interest under this agreement in the partnership herein provided for, and no assignee or successor by operation of law shall be entitled to be substitut in place of the limited partner, without the express prior writ consent of the general partner; provided, however, that the limited partner may for personal, professional or public servic reasons assign his interest to a trustee for his own benefit, i which case the general partner shall admit the trustee as a

substitute limited partner. The general partner shall not admit any other general or limited partners to the partnership.

9. Construction, execution, and binding effect: This agreement is made in the State of California, and shall be governed by and construed under the laws of California; it is the entire agreement of the parties and supersedes all prior agreements and negotiations between the parties with respect to the subject matter hereof; may be executed in two or more counterparts each of which shall be deemed an original instrument; and shall bind and inure to the benefit of the parties, their heirs, representatives, successors and assigns.

In witness whereof, the parties have executed this agreement as of January 1, 1985, on the dates set forth opposite their respective executions.

FINANCIAL MANAGEMENT INTERNATIONAL, INC.

By _____ Date: 22 May 1985
W. Franklyn Chinn, President

_____ Date: 23 May 1985
Edwin Meese, III

_____ Date: 23 May, 1985
Ursula Meese

TRANSFER OF PROPERTY

The undersigned, EDWIN MEESE III and URSULA MEESE (hereinafter known as "transferors"), hereby transfer to FRANK CHINN (hereinafter known as "transferee") all right, title and interest to the stocks listed below:

17 shares	Ameritech
17 shares	Bell Atlantic
17 shares	Bell South
17 shares	NYNEX
17 shares	Pacific Telesis
17 shares	Southwestern Bell
17 shares	U.S. West

Transferors shall provide to transferee the stock certificates representing the above-listed securities as soon as they are available.

This transfer is made with the understanding that the transferee shall dispose of the above-listed securities in such manner as he, in his sole descretion, deems appropriate and shall transfer the proceeds of such sale to an account maintained by him for the benefit of transferors.

23 Mar. 1987
Date

Edwin Meese III
Edwin Meese III

Ursula Meese
Ursula Meese

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

APR 29 1985

RECEIVED
OFFICE OF THE
ATTORNEY GENERAL
APR 29 3 46 PM '85
EXECUTIVE
DEPUTY ATTORNEY
GENERAL

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Recusal Policy

Pursuant to your request, we have prepared the attached draft recusal policy for your review. Please note that this draft assumes that you will have sold the stocks and bonds listed on Exhibit B thereto in accordance with your letter of January 23, 1985 to OGE before the recusal policy is circulated. The deadline for circulating the recusal policy and for divesting these holdings is May 24, 1985. */ Also, please note that we compiled the attached list of your current financial holdings (Appendix A to the draft recusal policy) from your Financial Disclosure Report dated January 10, 1985. This list must be revised, of course, if there are any changes in your financial holdings, other than divesting the items listed in Appendix B, prior to circulation of the recusal policy.

If you have any questions or concerns about this draft, we would be happy to address them.

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

*/ As noted in our memorandum to you of March 13, 1985 concerning ethics agreements, we interpret the 90-day limit imposed by the Ethics in Government Act with respect to implementing a promise to divest financial holdings to run from the date of your confirmation, rather than from the date of your letter to OGE. We have discussed this interpretation with staff from OGE, who have agreed with our view. By our calculation, this 90-day period would have begun Saturday, February 23, 1985 and will expire on or about Friday, May 24, 1985. Once you advise us that you have divested the holdings in question, we will notify the Assistant Attorney General for Administration, who is the Department's Designated Agency Ethics Official, who in turn will notify OGE and the Senate Judiciary Committee as required by the Act and applicable regulations.

MGT Recusals

29 Apr 85

Office of the Attorney General
Washington, D. C. 20530
24 May 1985

MEMORANDUM FOR: Heads of Offices, Bureaus,
-- Boards and Divisions
-- All Personnel, Office of
the Attorney General

FROM: EDWIN MEESE III
Attorney General

SUBJECT: Recusal Policy

This memorandum sets forth my policy with respect to avoiding any conflicts of interest during my tenure as Attorney General.

I am recusing myself from participation in any of the following matters: (1) any matter involving John R. McKean; (2) any matter involving former Secretary of Labor Raymond Donovan; (3) any matter involving the retirement plans in which I have an interest, i.e., the University of San Diego TIAA/CREF, the Alameda County Retirement Plan, and the State of California Public Employee Retirement System; (4) any matter involving the investigation by Independent Counsel Jacob Stein, or related matters such as my petition for reimbursement of attorneys' fees; and (5) any matter involving the law firms that represented me in the Independent Counsel's investigation (e. robert wallach, Esq., San Francisco, California and Dickstein, Shapiro and Morin, Washington, D.C.), at least until my liability to those firms for attorneys' fees reported on my SF-278 Financial Disclosure Report has been discharged. In addition, pursuant to 18 U.S.C., Section 208, I will disqualify myself from participation in any matter in which I have a financial interest within the meaning of that statute unless I obtain a waiver pursuant to Section 208(b). Finally, I will recuse myself from participation in any matter in which, in my judgment, it is desirable for me to do so in order to avoid an appearance of impropriety.

To assist you in identifying matters from which I may be disqualified, the entities in which Mrs. Meese or I have a financial interest are shown on Appendix A to this memorandum.

Steve Galebach, Senior Special Assistant in my office, will maintain a current list of my financial holdings and will screen all matters presented to my office to assure that any potential conflicts of interest are avoided. You should also be aware that I have divested myself of the stocks and bonds listed on Appendix B hereto, and I am accordingly no longer disqualified from participating in any matter involving those entities.

Any matter falling within the categories of matters from which I am disqualified should not be referred to or raised with me. Instead, such matters should be referred to Deputy Attorney General Jensen, who will either act on the matter or refer it to another appropriate official. Questions as to the nature or scope of my recusal policy should be referred to Ralph Tarr, Acting Assistant Attorney General, Office of Legal Counsel.

This policy is effective immediately.

Thank you for your cooperation.

APPENDIX A

Keystone Custodian Funds
National Permanent Federal Savings and Loan Accounts
White House Federal Credit Union Accounts
Manufacturers Life Insurance Company Policy
William Moss Institute (Mrs. Meese's client and former employer)

APPENDIX B

Arkansas Power and Light Bond
Columbia Gas System Bond
Los Angeles Housing Authority Bonds
Pacific Gas and Electric Bond
Southern California Edison Bonds
Allis-Chalmers Manufacturing
Central Banking System
Central Illinois Public Service
Consolidated Edison of New York
Consumers Power
Monarch Machine Tool
Niagara Mohawk Power
Safeway Stores
Santa Fe Southern Pacific
Southern California Edison (pref.)
Sterling Drug
AT & T
Ameritech
Bell Atlantic
Bell South
NYNEX
Pacific Telesis
SW Bell
US West
Exxon
Texaco
AT & T
New York Telephone Bond
Southwestern Bell Telephone Bond

1985 MEESE PARTNERS
INVESTMENTS AND TRANSACTIONS

STOCKS	GROSS INCOME (OR LOSS) FROM PURCHASE AND SALE	DIVIDEND INCOME	DATE OF PURCHASE/SALE
Reebok International, Inc.	3,750	- 0 -	7/26/85-7/26/85
Union Exploration Partners, Ltd.	(71)	- 0 -	7/26/85-7/26/85
Ross Stores, Inc.	500	- 0 -	8/8/85-8/8/85
Sanford Corporation (Illinois)	875	- 0 -	8/8/85-8/8/85
Policy Management Systems Corp.	1,500	- 0 -	8/22/85-8/22/85
Child World, Inc.	850	- 0 -	8/23/85-8/23/85
Rockefeller Center Properties, Inc.	877	- 0 -	9/12/85-9/12/85
Firemans Fund Corp.	918	- 0 -	10/23/85-10/23/85
Bear Stearns Companies Inc.	2,423	- 0 -	10/29/85-10/29/85
American Savings Bank	600	- 0 -	11/20/85-11/20/85
Co-operative Bank of Concord Massachusetts	2,000	- 0 -	12/4/85-12/4/85

FUNDS ON ACCOUNT */	GROSS INTEREST INCOME
Bear Stearns	$541
Imperial Trust Company	259

*/ At all times between trades, capital was maintained in brokerage accounts or money market accounts, in cash form, at Bear Stearns or Imperial Trust Company. A nominal amount was maintained in a checking account at Bank of America, which was used on occasion for paying operating invoices.

1986 MEESE PARTNERS
INVESTMENTS AND TRANSACTIONS

STOCKS */	GROSS INCOME (OR LOSS) FROM PURCHASE AND SALE	DIVIDEND INCOME	DATE OF PURCHASE/SALE
Olivers Stores, Inc.	1,750	- 0 -	2/11/86-2/11/86
Microsoft Corp.	1,550	- 0 -	3/13/86-3/13/86
Morgan Stanley Group, Inc.	1,322	- 0 -	3/21/86-3/21/86
HPSC, Inc.	(250)	- 0 -	6/20/86-6/20/86
MAI Basic Four, Inc.	(436)	- 0 -	6/24/86-6/24/86
UTS Biotherapeutics, Inc.	12,000	- 0 -	6/24/86-6/24/86
Newmont Gold Co.	(1,452)	- 0 -	6/24/86-6/24/86
Ultimate Corporation	(6,788)	- 0 -	6/26/86-6/26/86
Dime Savings Bank	$ 313	- 0 -	8/19/86-8/19/86
Silicon Graphics, Inc.	375	- 0 -	10/29/86-10/29/86
Unum Corporation	4,668	- 0 -	11/6/86-11/6/86

FUNDS ON ACCOUNT **/	GROSS INTEREST INCOME
Bear Stearns	$1,311
Imperial Trust Company	2,375

*/ In January 1986, Mr. Chinn made a trade in an American Telephone and Telegraph bond. The trade was mistakenly recorded in the name of Ursula Meese rather than the partnership. After the trade, the entries were adjusted and the proceeds of the sale were placed in the account of Meese Partners at Bear Stearns.

**/ At all times between trades, capital was maintained in brokerage accounts or money market accounts, in cash form, at Bear Stearns or Imperial Trust Company. A nominal amount was maintained in a checking account at Bank of America, which was used on occasion for paying operating invoices.

1987 MEESE PARTNERS
INVESTMENTS AND TRANSACTIONS
(Through May 31, 1987)

STOCKS	GROSS INCOME (OR LOSS) FROM PURCHASE AND SALE	DIVIDEND INCOME	DATE OF PURCHASE/SALE
British Airways	$12,571	-0-	02/11/87-02/11/87

FUNDS ON ACCOUNT */	GROSS INTEREST INCOME
Bear Stearns	$777
Imperial Trust Company	749

*/ At all times between trades, capital was maintained in brokerage accounts or money market accounts, in cash form, at Bear Stearns or Imperial Trust Company. A nominal amount was maintained in a checking account at Bank of America, which was used on occasion for paying operating invoices.

[illegible], A CALIFORNIA LTD PARTNERSHIP 049 7308-79 06
00240

Schedule K-1 (Form 1065) — Department of the Treasury, Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.

for calendar year 1985 or fiscal year beginning ____ and ending ____

OMB No. 1545-0099

1985

Partner's identifying number ▶ 567-30-8505

Partner's name, address, and ZIP code
EDWIN & URSULA MEESE
LIMITED PARTNER
1075 SPRINGHILL ROAD
MCLEAN, VA 22101

PARTNER NO 2

A Is partner a general partner (see page 3 of Instructions for Form 1065)? ___ YES X NO

B Partner's share of liabilities (see page 10 of Instructions for Form 1065):
Nonrecourse $ NA
Other $ NA

C What type of entity is this partner? ▶ INDIVIDUAL

D Enter partner's percentage of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing	%	100.000000%
Loss sharing	%	100.000000%
Ownership of capital	%	100.000000%

E IRS Center where partnership filed return ▶ FRESNO, CA

F Tax Shelter Registration Number ▶

Partnership's identifying number ▶ 94-2969792

Partnership's name, address, and ZIP code
MEESE PARTNERS, A CALIFORNIA LTD PARTNER
C/O FINANCIAL MANAGEMENT INTERNATIONAL I
1221 JONES STREET, SUITE 6E
SAN FRANCISCO
CALIFORNIA 94104

G Reconciliation of partner's capital account:

(a) Income not included in column (b) plus nondeductible income	(b) Capital account at beginning of year	(c) Capital contributed during year	(d) Ordinary income (loss) from line 1
14,392.		50,662.	-2,117.

(e) Withdrawals and distributions	(f) Capital account at end of year
11,500.	51,437.

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss)	-2,117.	Sch. E, Part II, col. (f)
	2 Guaranteed payments		Sch. E, Part II, column (f)
	3 Dividends qualifying for exclusion		Sch. B, Part II, line 4
	4 Net short-term capital gain (loss)	14,392.	Sch. D, line 4 col. (f) or (g)
	5 Net long-term capital gain (loss)		Sch. D, line 12 col. (f) or (g)
	6 Net gain (loss) under section 1231 (other than due to casualty or theft)		Form 4797, line 1
	7 Other		Enter on applicable line of your return
Deductions	8 Charitable contributions		See Form 1040 instructions
	9 Expense deduction for recovery property (section 179)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	10 Other		Enter on applicable line of your return
Credits	11 Credit for income tax withheld		See Form 1040 instructions, line 57, for Backup Withholding
	12 Other		Enter on applicable line of your return
Self-employment	13 a Net earnings (loss) from self-employment		Sch. SE, Part
	b Gross farming or fishing income		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c Gross nonfarm income		
Tax Preference Items	14 a Accelerated depreciation of nonrecovery real property or 15-year or 18-year real property		Form 6251, line 4c
	b Accelerated depreciation of leased personal property or leased recovery property other than 15-year or 18-year real property		Form 6251, line 4c
	c Depletion (other than oil and gas)		Form 6251, line 4
	d (1) Gross income from oil, gas, and geothermal properties		See Form 6251 instructions
	(2) Deductions allocable to oil, gas, and geothermal properties		See Form 6251 instructions
	e (1) Qualified investment income included in Schedule K-1, line 1	800.	(See Partner's Instructions for Schedule K-1 (Form 1065))
	(2) Qualified investment expenses included in Schedule K-1, line 1	39.	
	f Other		

For Paperwork Reduction Act Notice, see Form 1065 Instructions.

Schedule K-1 (Form 1065) 1985

94-2969792

[redacted] A CALIFORNIA LTD PARTNERSHIP 049 7308-79 C7
94-2969792 00240

Schedule K-1 (Form 1065) 1985 Page 2

		(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on
Investment Interest	15 a	Interest expense on:		
		(1) Investment debts incurred before 12/17/69		Form 4952, line 1
		(2) Investment debts incurred before 9/11/75 but after 12/16/69		Form 4952, line 15
		(3) Investment debts incurred after 9/10/75		Form 4952, line 5
	b	(1) Investment income included on Schedule K-1, line 1	800.	(See Partner's Instructions for Schedule K-1 (Form 1065))
		(2) Investment expenses included on Schedule K-1, line 1		
	c	(1) Income from "net lease property"		
		(2) Expenses from "net lease property"		
Foreign Taxes	16 a	Type of income		Form 1116, Check boxes
	b	Name of foreign country or U.S. possession		Form 1116, Part I
	c	Total gross income from sources outside the U.S. (attach schedule)		Form 1116, Part II
	d	Total applicable deductions and losses (attach schedule)		Form 1116, Part III
	e	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued		Form 1116, Part III
	f	Reduction in taxes available for credit (attach schedule)		Form 1116, Part III
	g	Other (attach schedule)		Form 1116 Instructions
Other	17	Other items and amounts not included in lines 1 through 16g and 18 and 19 that are required to be reported separately to you		(See Partner's Instructions for Schedule K-1 (Form 1065))
Property Eligible for Investment Credit	18	Regular Percentage: Cost or other basis of new recovery property	a 3-Year	Form 3468, line 1(a)
			b Other	Form 3468, line 1(b)
		Cost or other basis of used recovery property	c 3-Year	Form 3468, line 1(c)
			d Other	Form 3468, line 1(d)
		Section 48(q) Election to Reduce Credit (Instead of Adjusting Basis): Cost or other basis of new recovery property	e 3-Year	Form 3468, line 1(e)
			f Other	Form 3468, line 1(f)
		Cost or other basis of used recovery property	g 3-Year	Form 3468, line 1(g)
			h Other	Form 3468, line 1(h)
	i	Other property (see instructions for Schedule K-1 Form 1065)		(See Partner's Instructions for Schedule K-1 (Form 1065))

Property Subject to Recapture of Investment Credit	19	Properties	A	B	C	
	a	Description of property (State whether recovery or nonrecovery property. If recovery property, state whether regular percentage method or section 48(q) election used.)				
	b	Date placed in service				Form 4255, line 1(a)
	c	Cost or other basis				Form 4255, line 2
	d	Class of recovery property, or original estimated useful life				Form 4255, line 3
	e	Date item ceased to be investment credit property				Form 4255, line 4
						Form 4255, line 5

9A-2798(1)

MEESE PARTNERS, A CALIFORNIA LTD PARTNERSHIP 127 7426-00 06
00580

Schedule K-1 (Form 1065) — Partner's Share of Income, Credits, Deductions, etc. — 1986

For calendar year 1986 or fiscal year beginning ____ and ending ____

Partner's identifying number ▶ 567-30-8505

Partner's name, address, and ZIP code
PARTNER NO 2
EDWIN & URSULA MEESE
LIMITED PARTNER
1075 SPRINGHILL ROAD
MCLEAN, VA 22101

Partnership's identifying number ▶ 94-2969792

Partnership's name, address, and ZIP code
MEESE PARTNERS, A CALIFORNIA LTD PARTNER
C/O FINANCIAL MANAGEMENT INTERNATIONAL I
1221 JONES STREET, SUITE 6E
SAN FRANCISCO
CALIFORNIA 94104

A (1) Is partner a general partner? ___ YES X NO
(F.Y. Partnerships only) If "yes" to Question A(1)
(2) Does partner materially participate in the trade or business activities) included on lines 1a, 7, 10, and 12? ___ YES ___ NO
(3) Does partner actively participate in the rental real estate activities) included on lines 2a and 11d? ___ YES ___ NO

B Partner's share of liabilities
Nonrecourse $ NA
Other $ NA

C What type of entity is this partner? ▶ INDIVIDUAL

D Enter partner's percentage of:
(a) Before decrease or termination — (b) End of year
Profit sharing ___ % 100.000000 %
Loss sharing / Ownership of capital 100.000000 % ___ %

E IRS Center where partnership filed return ▶ FRESNO, CA

F Tax Shelter Registration Number ▶

G (1) (F.Y. Partnerships only) Did the partner's ownership interest in the partnership increase after Dec 22, 1985? ___ YES ___ NO
If yes, attach statement. (See page 12 of the Form 1065 instructions.)
(2) (F.Y. Partnerships only) Did the partnership start or acquire a new activity after Dec. 22, 1985? ___ YES ___ NO
If yes, attach statement. (See page 12 of the Form 1065 instructions.)

H Reconciliation of partner's capital account: (a) Capital account at beginning of year 51,437. (b) Capital contributed during year 3,986. (c) Partner's share of income (loss) from line 30 -838.
(d) Income not included in column (c) plus nontaxable income 11,812. (e) Losses not included in column (c) plus nondeductible deductions (f) Withdrawals and distributions (g) Capital account at end of year 66,397.

Caution: Refer to attached Partner's Instructions for Schedule K-1 (Form 1065) before entering information from this schedule on your tax return.

		(a) Distributive share item	(b) Amount	(c) 1986 1040 filers enter the amount in column (b) on:
Income (Loss)	1a	Ordinary income (loss)	-838.	Sch. E, Part II, column (f)
	b	Income or loss from rental real estate activities) (F.Y. Partnerships only)		
	c	Income or loss from other rental activities) (F.Y. Partnerships only)		
	d	Portfolio income not reported elsewhere on Schedule K-1 (F.Y. Partnerships only)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	2	Guaranteed payments		Sch. E, Part II, column (f)
	3	Dividends qualifying for exclusion		Sch. B, Part II, line 4
	4	Net short-term capital gain (loss)	11,812.	Sch. D, line 5, col. (f) or (g)
	5	Net long-term capital gain (loss)		Sch. D, line 12, col. (f) or (g)
	6	Net gain (loss) under section 1231 (other than due to casualty or theft)		Form 4797, line 7
	7	Other		Enter on applicable line of your return
Deduc tions	8	Charitable contributions		See Form 1040 instructions
	9	Expense deduction for recovery property (section 179)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	10	Other		Enter on applicable line of your return
Credits	11a	Credit for income tax withheld		See Form 1040 instructions
	b	Low-income housing credit (F.Y. Partnerships only)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Qualified rehabilitation expenditures related to rental real estate activities) (F.Y. Partnerships only) (attach schedule)		
	d	Credits) related to rental real estate activities) other than 11b and 11c (F.Y. Partnerships only) (attach schedule)		
	e	Credits) related to rental activities) other than 11b, 11c, and 11d (F.Y. Partnerships only) attach schedule)		
	12	Other credits		Enter on applicable line of your return
Self-employ ment	13a	Net earnings (loss) from self-employment		Sch. SE, Part I
	b	Gross farming or fishing income		(See Partner's Instructions for Schedule K-1 (Form 1065))
	c	Gross nonfarm income		

For Paperwork Reduction Act Notice, see Form 1065 instructions. Schedule K-1 (Form 1065) 1986

REEDS PARTNERS, A CALIFORNIA LTD PARTNERSHIP 127 7426-00 07
94-2969792 00580

Form 1065 (1985) Page 2

		(a) Distributive share item	(b) Amount	(c) 1986 1040 filers enter the amount in column (b) on
Tax Preference Items	14 a	For property placed in service before 1987, accelerated depreciation on nonrecovery real property or 15-, 18-, or 19-year real property		Form 6251, line 4c
	b	For property placed in service before 1987, accelerated depreciation on leased personal property or leased recovery property other than 15-, 18-, or 19-year real property		Form 6251, line 4g
	c	Depreciation adjustment on property placed in service after 1986		(See Partner's Instructions for Schedule K-1 (Form 1065))
	d	Unadjusted passive loss (F.Y. Partnerships only)		
	e	Depletion (other than oil and gas)		Form 6251, line 4i
	f	(1) Gross income from oil, gas, and geothermal properties		See Form 6251 Instructions
		(2) Deductions allocable to oil, gas, and geothermal properties		See Form 6251 Instructions
	g	(1) Qualified investment income included in Schedule K-1, line 1a	3,686.	(See Partner's Instructions for Schedule K-1 (Form 1065))
		(2) Qualified investment expenses included in Schedule K-1, line 1a	2,162.	
	h	Other		
Investment Interest	15 a	Interest expense on:		
		(1) Investment debts incurred before 12/17/69		Form 4952, line 1
		(2) Investment debts incurred before 9/11/75, but after 12/16/69		Form 4952, line 1b
		(3) Investment debts incurred after 9/10/75		Form 4952, line 5
	b	(1) Investment income included in Schedule K-1, line 1a	3,686.	(See Partner's Instructions for Schedule K-1 (Form 1065))
		(2) Investment expenses included in Schedule K-1, line 1a		
	c	(1) Income from "net lease property"		
		(2) Expenses from "net lease property"		
Foreign Taxes	16 a	Type of income		Form 1116, Check boxes
	b	Name of foreign country or U.S. possession		Form 1116, Part I
	c	Total gross income from sources outside the U.S. (attach schedule)		Form 1116, Part I
	d	Total applicable deductions and losses (attach schedule)		Form 1116, Part I
	e	Total foreign taxes (check one) ▶ ___ Paid ___ Accrued		Form 1116, Part I
	f	Reduction in taxes available for credit (attach schedule)		Form 1116, Part III
	g	Other (attach schedule)		Form 1116 instructions
Other	17	Other items and amounts not included in lines 1a through 16g and 16 that are required to be reported separately to you		(See Partner's Instructions for Schedule K-1 (Form 1065))

Property Subject to Recapture of Investment Credit	18	Properties:	A	B	C	
	a	Description of property (State whether recovery or nonrecovery property. If recovery property, state whether regular percentage method or section 48(q) election used.)				Form 4255, line 1
	b	Date placed in service				Form 4255, line 2
	c	Cost or other basis				Form 4255, line 3
	d	Class of recovery property or original estimated useful life				Form 4255, line 4
	e	Date item ceased to be investment credit property				Form 4255, line 8

Form 1065 (1985)

GABRIEL G. BARRAS
CERTIFIED PUBLIC ACCOUNTANT
564 MARKET STREET · SUITE 616
SAN FRANCISCO, CALIFORNIA 94104
(415) 421-4990

JANUARY 22, 1987

MEESE PARTNERS
A CALIFORNIA LIMITED PARTNERSHIP
FINANCIAL MANAGEMENT INTERNATIONAL, INC.
1221 JONES STREET, SUITE #6E
SAN FRANCISCO, CALIFORNIA 94109

DEAR PARTNERS:

I HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF MEESE PARTNERS AS OF DECEMBER 31, 1986, AND THE RELATED STATEMENTS OF LIMITED PARTNER'S INCOME AND CHANGES IN FINANCIAL POSITION FOR THE YEAR THEN ENDED.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF THE PARTNERS. I HAVE NOT AUDITED NOR PERFORMED A REVIEW ENGAGEMENT OF THE ACCOMPANYING STATEMENTS, AND ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

RESPECTFULLY SUBMITTED,

G. J. Barras

GABRIEL G. BARRAS
CERTIFIED PUBLIC ACCOUNTANT

MEESE PARTNERS
A CALIFORNIA LIMITED PARTNERSHIP
BALANCE SHEET
DECEMBER 31, 1986
UNAUDITED

ASSETS

CURRENT ASSETS	
CASH AND EQUIVALENTS	$67,204.15
ACCOUNTS RECEIVABLE	131.91
TOTAL ASSETS	67,336.06
OTHER ASSETS	
ORGANIZATIONAL EXPENSE (NET)	50.00
TOTAL OTHER ASSETS	50.00
TOTAL CURRENT AND OTHER ASSETS	$67,386.06

LIABILITIES AND PARTNER'S CAPITAL

CURRENT LIABILITIES	
TRANSACTION FEES PAYABLE	$ 50.00
TOTAL CURRENT LIABILITIES	50.00
PARTNER'S CAPITAL	
GENERAL PARTNER:	
PERFORMANCE FEE PAYABLE	938.63
LIMITED PARTNER:	
EARNINGS AND ACCUMULATIONS AT JANUARY 1, 1986	51,435.03
CAPITAL CONTRIBUTED	3,988.92
NET PROFIT FOR YEAR	10,973.48
DRAWINGS	-0-
LIMITED PARTNER'S CAPITAL AT DECEMBER 31, 1986	66,397.43
TOTAL LIABILITIES AND PARTNER'S CAPITAL	$67,386.06

SEE ACCOUNTANT'S COMPILATION REPORT

MEESE PARTNERS
A CALIFORNIA LIMITED PARTERNSHIP
STATEMENT OF LIMITED PARTNER'S INCOME
FOR THE YEAR ENDED DECEMBER 31, 1986
UNAUDITED

INCOME	
DIVIDENDS AND INTEREST	$ 3,686.01
NET GAINS ON SECURITY TRANSACTIONS	21,457.41
TOTAL INCOME	25,143.42
EXPENSES	
GENERAL PERFORMANCE FEE	2,362.41
AMORTIZATION OF ORGANIZATION EXPENSE	14.00
ACCOUNTING	2,084.00
BANK CHARGES	64.20
NET LOSSES ON SECURITY TRANSACTIONS	9,645.33
TOTAL EXPENSES	14,169.94
NET INCOME (LOSS) OF LIMITED PARTNER	$10,973.48

SEE ACCOUNTANT'S COMPILATION REPORT

MEESE PARTNERS
A CALIFORNIA LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986
UNAUDITED

FUNDS PROVIDED	
NET INCOME GENERAL PARTNER	$ 2,362.41
NET INCOME LIMITED PARTNER	10,973.48
CAPITAL CONTRIBUTION FROM LIMITED PARTNER	3,988.92
NON-CASH AMORTIZATION	14.00
TOTAL FUNDS PROVIDED	17,338.81
FUNDS APPLIED	
WITHDRAWALS BY GENERAL PARTNER	4,302.15
WITHDRAWALS BY LIMITED PARTNER	-0-
INCREASE IN WORKING CAPITAL	$ 13,036.66
CHANGES IN WORKING CAPITAL	
INCREASE (DECREASE) IN CURRENT ASSETS:	
CASH AND EQUIVALENTS	$12,904.75
ACCOUNTS RECEIVABLE	131.91
INCREASE (DECREASE) IN CURRENT ASSETS	13,036.66
INCREASE (DECREASE) IN CURRENT LIABILITIES:	
TRANSACTION FEES PAYABLE	-0-
INCREASE (DECREASE) IN WORKING CAPITAL	$13,036.66

MEESE PARTNERS
A CALIFORNIA LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING METHODS

MEESE PARTNERS IS A CALIFORNIA LIMITED PARTNERSHIP FORMED TO INVEST ITS ASSETS IN SECURITIES. THE ACCOMPANYING FINANCIAL STATEMENTS HAVE BEEN PREPARED ON THE ACCRUAL BASIS.

INVESTMENTS

SECURITIES ARE STATED AT COST.

INCOME TAXES

NO PROVISION FOR FEDERAL AND STATE INCOME TAX HAS BEEN MADE BECAUSE AS A PARTNERSHIP, ANY ITEMS TAXABLE AS INCOME OR LOSS ARE REPORTABLE ON EACH PARTNER'S RETURNS.

May 11, 1987

COMPILATION REPORT

Meese Partners
A California Limited Partnership
Financial Management International, Inc.
1221 Jones Street, Suite #6E
San Francisco, California 94109

Dear Partners:

We have compiled the accompanying balance sheet of Meese Partners as of March 31, 1987, and the related Statements of Limited Partners' Income and Changes in Financial Position and Schedule of Change in Net Asset Value for the three month period then ended, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the partners. We have not audited or reviewed the accompanying statements and schedule, and accordingly, do not express an opinion or any other form of assurance on them.

John R. McKean, Accountants

Meese Partners
(A California Limited Partnership)
Balance Sheet
March 31, 1987
(Unaudited)

Assets

Current Assets	
Cash and Equivalents	$ 74,476
Accrued Interest	219
Total Current Assets	74,695
Other Assets	
Organizational Cost, Net	46
Total Other Assets	46
	$ 74,741

Liabilities and Partners' Capital

Current Liabilities	
Agency Fees Payable	$ 100
Partners' Capital	
General Partner	3,453
Limited Partner:	
Earnings and Accumulations at December 31, 1986	66,397
Net Income for Three Month Period	9,791
Drawings for Three Month Period	<5,000>
Limited Partners' Capital at March 31, 1987	71,188
	$ 74,741

(See Accountants' Compilation Report Dated May 11, 1987)

The Accompanying Notes are an Integral Part of These Financial Statements

Meese Partners
(A California Limited Partnership)
Statement of Limited Partners' Income
For The Three Month Period Ended March 31, 1987
(Unaudited)

Income	
Dividends and Interest	$ 937
Net Gains on Security Transactions	12,571
Total Income	13,508
Expenses	
General Performance Fee to General Partner	2,514
Amortization of Organization Expense	4
Accounting	831
Bank Charges	368
Total Expenses	3,717
Net Income of Limited Partner	$ 9,791

(See Accountants' Compilation Report Dated May 11, 1987)

The Accompanying Notes are an Integral Part of These Financial Statements

Meese Partners
(A California Limited Partnership)
Statement of Changes in Financial Position
For the Three Month Period Ended March 31, 1987
(Unaudited)

Funds Provided by:	
Net Income Limited Partner	$ 9,791
Performance Fee Earned by General Partner	2,514
Non-Cash Amortization	4
Total Funds Provided	12,309
Funds Applied:	
Withdrawals by Limited Partner	<5,000>
Increase in Working Capital	$ 7,309

Changes in Working Capital

Increase <Decrease> in Working Capital	
Cash and Equivalents	$ 7,272
Accrued Interest	87
Agency Fees Payable	<50>
Increase in Working Capital	$ 7,309

(See Accountants' Compilation Report Dated May 11, 1987)

The Accompanying Notes are an Integral Part of These Financial Statements

Meese Partners
(A California Limited Partnership)
Schedule of Changes in Net Asset Value
For the Three Month Period Ended March 31, 1987
(Unaudited)

Net Asset Value at December 31, 1986	$ 67,336
Net Asset Value at March 31, 1987	$ 74,641
Percentage increase in Net Asset Value from December 31, 1986 through March 31, 1987	10.8%

(See Accountants' Compilation Report Dated May 11, 1987)

The Accompanying Notes are an Integral Part of This Schedule

Meese Partners
(A California Limited Partnership)
Notes to Financial Statements
March 31, 1987

1. Summary of Significant Accounting Policies:

Accounting Methods

Meese Partners is a California Limited Partnership formed to invest its assets in securities. The accompanying financial statements have been prepared on the accrual basis.

Investments

Securities are stated at cost.

Organization Costs

Organization costs of $70 are amortized on the straight-line method over sixty months.

Income Taxes

No provision for Federal and State Income Tax has been made because, as a partnership, any items taxable as income or loss are reportable individually by each partner.

These Notes are an Integral Part of These Financial Statements

Office of the Attorney General
Washington, D. C. 20530

9 May 1986

MEMORANDUM

TO: Arnold I. Burns
Associate Attorney General

FROM: Edwin Meese III
Attorney General

SUBJECT: Extension of time to file Financial Disclosure Form

Pursuant to 28 C.F.R. 45.735-27(b)(2), I hereby request that you, as the reviewing official of my financial disclosure report (28 C.F.R. 45.735-27(d)(1)(i)), grant a 20-day extension of the time for filing my report. This would mean that the report would be due on June 4, 1986, rather than May 15, 1986, as prescribed in 28 C.F.R. 45.735-27(b)(1).

This extension is needed to allow time to compile information regarding the dates and amounts of financial transactions carried out as part of the divestiture I undertook upon assuming office.

U.S. Department of Justice

Office of the Associate Attorney General

Washington, D.C. 20530

MEMORANDUM

TO: Edwin Meese III
Attorney General

FROM: Arnold I. Burns
Associate Attorney General

5/9/86

SUBJECT: Extension of time to file Financial Disclosure Report

Pursuant to the request in your memorandum to me of May 9, 1986, and by the authority given me in 28 C.F.R. §45.735-27(b)(2), I hereby grant you a 20-day extension of the May 15 deadline for filing your financial disclosure report. This means that your report will now be due on June 4, 1986.

Office of the Attorney General
Washington, D. C. 20530

JUN 3 1986

MEMORANDUM

TO: Arnold I. Burns
Associate Attorney General

FROM: Edwin Meese III
Attorney General

SUBJECT: Extension of time to file Financial Disclosure Form

Pursuant to 28 CFR 45.735-27(b)(2), I hereby request that you, as the reviewing official of my financial disclosure report (28 C.F.R. 735-27(d)(1)(i), grant a further 15-day extension of the time for filing my report. This would mean that the report would be due on June 19, 1986. (As you know, you previously granted me a 20-day extension of the May 15 deadline, as provided by 28 C.F.R. 45.735-27(b)(2), so that my report is currently due on June 4.)

The earlier extension was needed to allow time to compile information regarding the dates and amounts of financial transactions carried out as part of the divestiture I undertook upon assuming office. Because of the press of business and my recent illness, I have been unable to complete the necessary compilation of information.

U.S. Department of Justice

Office of the Associate Attorney General

Washington, D.C. 20530

JUN 3 1986

MEMORANDUM

TO: Edwin Meese III
Attorney General

FROM: Arnold I. Burns
Associate Attorney General

SUBJECT: Extension of time to file Financial Disclosure Report

Pursuant to your request in your memorandum to me of June 3, 1986, and by the authority given me in 28 C.F.R. 45.735-27(b)(2), I hereby grant you a further 15-day extension of the May 15 deadline for filing your financial disclosure report for the reasons set forth in your memorandum. This means that your report will now be due on June 19, 1986. (The 20-day extension granted you on May 13 extended the deadline for filing until June 4.)

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ATTN: HOOPER

BIN DATER

DUNS: 06-187-1822
FINANCIAL MANAGEMENT
INTERNATIONAL, INC

1221 JONES ST
SAN FRANCISCO CA 94109
TEL: NONE

DATE PRINTED
JUL 02 1986

INVESTMENT
COUNSELORS
SIC NO
62 81

RATING ER8
STARTED 1981
PAYMENTS SEE BELOW
EMPLOYS 1
HISTORY INCOMPLETE

CHIEF EXECUTIVE: W FRANKLIN CHINN, PRES

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
04/86	Ppt	50	-0-	-0-		2-3 Mos
01/86	Ppt	100	100	-0-	N30	1 Mo
	(003)			500		
	Placed for collection.					
10/85	Ppt	100				

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

FINANCE
12/18/85 On Dec 19 1985 W Franklin Chinn, president, was absent.

HISTORY
12/18/85
W FRANKLIN CHINN, PRES
DIRECTOR(S): THE OFFICER(S)
Incorporated California Jan 13 1981.
Corporate file 01019102.
Business started Jan 1981 by W Franklin Chinn. 100% of capital stock is owned by W Franklin Chinn.
CHINN. Antecedents undetermined.

OPERATION
12/18/85 Operates as investment counselor.
All sales cash. Sells to general public. Territory :Local.

Nonseasonal.
EMPLOYEES: 1 including owner.
FACILITIES: Operates from residence of W Franklin Chinn.
07-02(660 /86) 00000 052

FULL DISPLAY COMPLETE

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
NEESE, EDWIN III				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes (but is not limited to) savings, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Source	BLOCK B Valuation of Assets	BLOCK C Income		BLOCK D Transactions Test
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)	Type of Income (X)	Category of Amount of Income (X)	If YES, complete Block B Part II for those assets reporting more than $1,000
	None (or less than $1001) · $1,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $250,000 · $250,001 - $500,000 · $500,001 - $1,000,000 · Over $1,000,000	Dividends · Rent · Interest · Capital Gains · Excepted Trust · Qualified Trust · Other (Specify Type)	None (or less than $201) · $201 - $1,000 · $1,001 - $2,500 · $2,501 - $5,000 · $5,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $1,000,000 · Over $1,000,000 · Actual Amount Only if "Other" Reported · Date (Mo., Day, Yr.) Only if Honoraria	YES · NO
SPOUSE: Spouse's Name — E V I Common — Dow Jones & Smith, Hampshire, USA	X	X — dividends income	X — $10,000	X
AT & T	X	X	X	X
Allis-Chalmers Manufacturing	X	X	X	X
Central Banking System	X	X	X	X
Central Illinois		X	X	X
Public Service		X	X	X
Consolidated Edison of New York		X	X	X
Consumers Power	X	X	X	X
Exxon		X	X	X
Monarch Machine Tool		X	X	X
Niagara Mohawk Power	X	X	X	X
Safeway Stores		X	X	X

Financial Disclosure Report

Report Status (Check Appropriate Box)	Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Nominee ☐ New Entrant, Nominee, or Candidate ☐ Termination Filer			25 February 1985	

	Last Name	First Name and Middle Initial
Reporting Individual's Name	MEESE	EDWIN III
Position for Which Filing	Title of Position: Attorney General	Department or Agency (If Applicable): Department of Justice
Location of Present Office	Address (Number, Street, City, State and ZIP Code): Room 5111, Tenth St. and Constitution Ave., NW Washington, D.C. 20530	Telephone No. (Include Area Code): (202) 633-2001
Position(s) Held With the Federal Government During the Preceding 12 Months (If Same as Above)	Title of Position(s) and Dates(s) Held: Counsellor to the President, 21 January 1981 to 25 February 1985	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
		☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Edwin Meese III	19 June 1986
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year): 3 July 1986
Agency Ethics Official's Opinion: The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Signature of Designated Agency Ethics Official/Reviewing Official: M. Lawrence Wallace	Date (Month, Day, Year): 1 July 1986
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Reporting Individual's Name	Assets and Income	Page Number		Schedule
REESE, EDWIN III			3	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources			BLOCK B Valuation of Assets								BLOCK C Income																				BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐			Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)															If you completed Schedule B Part I for these assets including those sold for a loss	
			Value Up to $1,000	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	$500,001-$1,000,000	Over $1,000,000	Dividends	Rents	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	Below (Or Loss) $101	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	$500,001-$1,000,000	Over $1,000,000	Actual Amount Only if "Over" Reported	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
1 SP	Farm Office	R V Z Common Dos Jones & Smith, Hometown, USA			X						X									X									$50,000			
2 S	Santa Fe Southern Pacific			X							X								X													X
3 S	Southern California Edison (pref.)			X							X							X													X	
4 S	Sterling Drug			X							X								X												X	
5 S	Texaco			X							X								X												X	
6 S	AT & T Bond		X										X					X													X	
7 S	Arkansas Power and Light Bond		X										X					X													X	
8 S	Columbia Gas System Bond		X										X					X													X	
9 S	Los Angeles Housing Authority Bonds			X									X						X													X
10 S	New York Telephone Bond		X										X					X													X	
11 S	Pacific Gas and Electric Bond		X										X					X													X	

Reporting Individual's Name	Assets and Income	Page Number	4	Schedule A
MEESE, EDWIN III				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to: employers, stocks, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and certain holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets	BLOCK C Income																													BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC) NONE ☐	Category of Value (B)								Type of Income (B)							Category of Amount of Income (B)																			If yes, complete Block B, Part 1 for those assets marked with an X in Col. A	
	None (or less than $1001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent	Interest	Capital Gains	Business Profit	Capital Gains Profit	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Necessary						YES	NO
SP DC	E*I Common Stock (Dow Jones & Company, Washington, USA)			X												pension income			X							$100,000								
J S	Southern California Edison Bonds		X								X							X														X	
J S	Southwestern Bell Telephone Bond	X									X						X															X	
J S	Keystone Custodian Funds			X					X			X							X													X	
SP S	National Permanent Federal Savings and Loan Accounts				X						X								X														X
J	White House Federal Credit Union Accounts			X							X								X														X
S	Multiple Sclerosis Society															Consulting fee																	
J	Pension Entitlement, Public Employees Retirement System, State of California				X												X																X
J	Pension Entitlement, Alameda Co., CA, Retirement Board				X												X																X
J	Pension Entitlement, TIAA-CREF (Univ. of San Diego)				X												X																X
SP S	William Morris Institute															Consulting fee																	

Reporting Individual's Name	Assets and Income	Page Number		Schedule A
MEESE, EDWIN III		5		

All Filers: In BLOCK A report (1) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (2) any other asset or source of income which generated over $100 in income during the reporting period. This includes (but is not limited to) employers, stocks, bonds, life insurance, bank accounts, real property, mutual funds, pensions, IRA accounts, assets of certain trusts, commodities returns, personal businesses and partnership interests. Exclude your personal residence unless you rent it and See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Terminations Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets	BLOCK C Income																		BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse's(S) and your dependent child (DC). HOLD ☐	Category of Value (B)							Type of Income (C)						Other (Specify Type)	Category of Amount of Income (C)								Actual Amount Only if "Over" Specified	Date (Mo., Day, Yr.) Only if Necessary	If you completed Part II for these assets in the Prior Report, check here and go to Part III.	
	None (or less than $1001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Dividends	Rent	Interest	Capital Gains	Royalties & Prior Trust	Royalties & Prior Trust		None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000			YES	NO
(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24)																				

Reporting Individual's Name
MEESE, EDWIN III

Page Number	6	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

	Identification of Asset	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
Example	BYIC. stock	X			3/1/83			X			
1	AT& T		X		5/24/85	X					
2	Allis-Chalmers Manufacturing		X		5/23/85	Less than $1,001					
3	Central Ba hing System		X		5/23/85	Less than $1,001					
4	Central Il inois Public Service		X		5/23/85	X					
5	Consolidated Edison of New York		X		5/23/85	X					
6	Consumers Power		X		5/23/85	Less than $1,001					

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value, and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Entity and Address)	Brief Description	Value
Example	Nat'l Assn of Real Estate Editors, NY, NY	Airline ticket, hotel room & meals incident to national conference 9/16/83	$500
Example	Nat'l Assn of Real Estate Editors, NY, NY	Leather briefcase for retiring president	$125
1	Shih-Chieh Hung Oakland, California	Original oil painting of Mr. Meese	$1,500
2	Boosters Clubs of America	Tennis shirt, shorts and shoes	$144
3	San Diego Industry-Education Council San Diego, California	Eagle mounted on wooden base	$150
4	Christian Legal Society Los Angeles, California	Plaque	$151
5	Northwestern University School of Law Chicago, Illinois	Initialed leather portfolio ✓	$140
6	Mrs. Theodore Cummings (personal friend) Beverly Hills, California	Jade sculpture of horses and crystal figure of elephant	$675

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Page Number	7	Schedule B

Reporting Individual's Name
MEESE, EDWIN III

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

Owner	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	Over $500,000
	[illegible]	X			3/1/83			X			
SP	[illegible]		X		5/23/85		X				
S	Exxon		X		5/23/85	X					
S	Monarch Machine Tool		X		5/23/85	Less than $1,001					
S	Niagara Mohawk Power		X		5/23/85	X					
S	Safeway Stores		X		5/23/85	X					
S	Southern California Edision (pref.)		X		5/23/85	X					
S	Sterling Drug										

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value, and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

Owner	Source (Name and Address)	Brief Description	Value
SP	Mutual Assn. of Rock Collectors, NY, NY	Auto[illegible] hotel room & meals incident to personal conference 8/15/83	$400
SP	Mutual Assn. of Rock Collectors, NY, NY	Leather briefcase for viewing gemstones	$175
S	St. Louis Bar Foundation St. Louis, Missouri	Travel for Mrs. Meese and lodging for Mr. and Mrs. Meese, July, 1985	$650
J	Ronald Cambo (personal friend) Oakland, California	Framed silkscreen	$275
J	The Honorable Robert Badinter, Minister of Justice, Paris, France	Bronze medallion	$100
J	Dr. and Mrs. James Holderman (personal friends) Columbia, South Carolina	Framed print of eagle and crystal eagle	$650
S	Harvard University Cambridge, Massachusetts	Lodging while attending meetings of Executive Session on Community Policing during March, 1985 and October, 1985.	$984
S	ABA Fund for Public Education Chicago, Illinois	Lodging while attending American Bar Association annual meeting in London during July, 1985	$2,912

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Reporting Individual's Name
MEESE, EDWIN III

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Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

Asset Code (See Instructions)	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
ST	EVI Corporation	X			3/1/83			X			
1 ST	Texaco		X		5/23/85	X					
2 ST	AT & T Bonds		X		5/24/85	Less than $1,001					
3 ST	Arkansas Power and Light Bond		X		5/23/85	Less than $1,001					
4 ST	Columbia Gas System Bond		X		5/23/85	Less than $1,001					
5 ST	Keystone Custodian Funds		X		5/23/85		X				
6 ST	New York Telephone Bond		X		5/23/85	Less than $1,001					

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) all gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality of the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
A	Exempt Natl Assn of Rush Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$680
	Natl Assn of Rush Collectors, NY, NY	Leather briefcase for retiring president	$120
1	Institute for Contemporary Studies San Francisco, California	Lodging, February, 1985	$257
2	John M. Ashbrook Center for Public Affairs Ashland College, Ashland, Ohio	Travel for Mr. and Mrs. Meese	$620
3	Illinois Institute for Continuing Legal Education Chicago, Illinois	Lodging, October, 1985	$303
4			
5			
6			

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Reporting Individual's Name

MEESE, EDWIN .III

Page Number	9	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Exempt	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
		XYZ Co.	X			3/1/80			X			
1 S		Pacific Gas and Electric Bond		X		5/23/85	Less than $1,001					
2 S		Southern California Edison Bonds		X		5/23/85	X					
3 S		Southwestern Bell Telephone Bond		X		5/23/85	Less than $1,001					
4 JT S		Ameritech		X		5/24/85	X					
5 JT S		Bell Atlantic		X		5/24/85	X					
6 JT S		Bell South		X		5/24/85	X					

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) all gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality of the donor's personal or family residence, (2) other gifts received from one source totaling $100 or more in value, and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☒

	Exempt	Source (Name and Address)	Brief Description	Value
0	Exempt	Nat'l Assn of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Nat'l Assn	of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1				
2				
3				
4				
5				
6				

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U.S. Office of Personnel Management

Reporting Individual's Name: MEESE, EDWIN III

Page Number 10 | Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
1	Exempt · ·RVZ Com mon	X			3/1/00			X			
2	JT S NYNEX		X		5/24/85	X					
3	JT S Pacific Tel.eis		X		5/24/85	X					
4	JT S SW Bell		X		5/24/85	X					
5	JT S US West		X		5/24/85	X					
6	Financial I nagement International, Inc.	X			5/23/85				X		
7											

Part II
Gifts, Reimburse ments and Travel Expenses

Incumbents and Te rmination Filers only: Report the source, a brief description and the value of: (1) all gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
1	Exempt Hyatt Asso. Rock Columbus, NY, NY	Audrey suites, hotel room & meals we where to external conference 6/11/85	$500
2	Hyatt Asso. Rock Columbus, NY, NY	Location briefing for rezoning procedure	$120
3			
4			
5			
6			
7			

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Reporting Individual's Name

MEESE, EDWIN III

Page Number	11	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value ($) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Expenditure	First Star to South, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	20 yrs			X		
	John Jones, 123 J St., Washington, DC	Promissory note	1979	18%	on demand	X				
1	Dichstein, Shapiro and Morin, Washington, D.C. E. Robert Wallach, Esq., San Francisco, California	Legal fees and expenses	1984							X*
2	*NOTE: Liability satisfied pursuant to order of D.C. Circuit Court of Appeals under the provisions of 28 U.S.C. 593(g). By prior agreement the firms have accepted the court award as full satisfaction of the obligation.									
3										
4										
5										
6										

Part II
Agreements Or Arrangements

All Filers: Report any agreements or arrangements for future employment, leaves of absence, continuation of payments by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

Example	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital accounts & partnership shares calculated on service performed through 11/83	Geo. James B. Smith, Home town, USA	7/70 previous agmnt
	Vested pension rights	Alameda County, California Retirement Board	Jan. 1967
	Vested pension rights	Public Employees Retirement System, State of California	Jan. 1975
	Vested pension rights	TIAA-CREF (University of San Diego)	Jan. 1981

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Reporting Individual's Name
MEESE, EDWIN III

Page Number	12	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization Name and Address	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn of Flash Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non profit education Law firm	President Partner	6/83 1/70	6/83 11/83
	Ronald Reagan Presidential Foundation	Non-profit education	Trustee and Vice Chairman	March, 1985	Present

Part II
Compensation in Excess Of $5000
Paid by One Source

Nominees and Non-Filers: Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Mona Lo [illegible] of Doe Jones & Smith, Hometown, USA	Legal services in connection with [illegible] construction

PREVIOUS EDITION U[illegible]ABLE

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THE WHITE HOUSE

WASHINGTON

January 20, 1987

MEMORANDUM FOR EDWIN MEESE III
ATTORNEY GENERAL OF THE UNITED STATES

FROM: PETER J. WALLISON
COUNSEL TO THE PRESIDENT

SUBJECT: Participation in Matters Involving the Telecommunications Industry

By the attached memoranda, you have requested approval for your participation in discussions related to the consent decree involving the telephone industry. You have advised this office that you and your wife retain common stock in the following companies: 1/

Name	Number of Shares (Joint)	(Spouse)	(Total)	Price Per Share*
Ameritech	10	7	17	138
Bell Atlantic	10	7	17	60.6
Bell South	10	7	17	70.9
NYNEX	10	7	17	68.5
Pacific Telesis	10	7	17	56.25
Southwestern Bell	10	7	17	114.1
US West	10	7	17	57

* These prices are as of close of business on 8 January 1987.

The aggregate value of these interests is approximately $9,611. Based on the information you have provided we also estimate that these interests constitute approximately 3.2 percent of the total value of the assets held by you and your wife.

1/You advise that you have sold at market value with no right of purchase all beneficial interest in these stocks and that you retain legal title only because the stock certificates could not be located at the time of sale. You also indicate that you will sign new certificates into the new owner's name once these are prepared. Lastly, you indicate that you have no financial interest in or immediate family relationship with the new owner of the stock.

18 U.S.C. § 208(a) prohibits government employees from participating personally and substantially in a particular matter in which they have a financial interest. Under § 208(b) and 3 C.F.R. 100.735-32, I am authorized to grant a waiver from the applicability of § 208(a), to permit your participation in a particular matter in which you or your wife have financial interests, if it is determined that the interests are "not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect" from you. I do not believe that the interests above are likely either to influence you in your discussions related to the consent decree involving the telephone industry or to cause the public to question your integrity on this issue. Accordingly, I herewith grant you a waiver from the applicability of § 208(a), as that section might operate to impose liability upon you for your participation in meetings to discuss the consent decree.

Incidentally, your transfer of all beneficial interests in the stock would appear to provide a separate basis upon which this waiver might be issued. The finding that these interests, even if retained, are "not so substantial" within the meaning of § 208(b), renders this question moot.

Attachments

EDWIN MEESE III
1075 SPRING HILL ROAD
MC LEAN, VIRGINIA 22102

5 May 1987

Mr. W. FrankYyn Chinn
Financial Management International, Inc.
1221 Jones, Suite 6-E
San Francisco, California 94109

Dear Frank:

As we discussed in our telephone conversation this afternoon, this will confirm my request to terminate the limited partnership known as "Meese Partners" pursuant to the terms set forth in the partnership agreement.

Ursula and I are very grateful for the fine performance achieved by Financial Management International, Inc. in the handling of this account.

With best wishes,

Sincerely,

Edwin Meese III

EDWIN MEESE III
1075 SPRING HILL ROAD
McLEAN, VIRGINIA 22102

6 July 1987

W. Franklyn Chinn
Financial Management International, Inc.
1221 Jones, Suite 6-E
San Francisco, California 94109

Re: Meese Partners Limited Partnership

Dear Frank:

In light of the termination of the Limited Partnership, effective 30 June 1987, I would like to complete all paperwork and obtain a final distribution of my and Mrs. Meese's interest in the partnership as soon as possible. I understand that you have liquidated the partnership holdings and are prepared to provide me with a check reflecting the limited partners' interest.

There is one matter that requires attention. As you know, when the partnership was commenced on 23 May 1985, I could not locate the stock certificates of the "Baby Bell" companies that were to be liquidated. As a result, Mrs. Meese and I transferred all our right, title and ownership in those stocks to you by a document entitled "Transfer of Property" dated 23 May 1985. Since then, I have made attempts to obtain the certificates from the regional telephone companies, so that they could be sent to you pursuant to the "Transfer of Property" document. I have been unsuccessful to date, due to various administrative record-keeping problems, not the least of which is the limited amount of time that I have been able to devote to my own personal finances over the last two years.

I have been advised by my counsel that it would be proper for me to have you simply sign a "Re-Transfer of Property" document by which you would return to Mrs. Meese and myself the right, title and interest in these stocks that was transferred to you on 23 May 1985. Accordingly, I am enclosing a document to that effect. Please review it, and if you have no objections, sign it and return it to me. Thus, the partnership distribution that Mrs. Meese and I will receive from you will consist of (a) the monetary proceeds of that partnership, and (b) the Transfer of Property rights in the "Baby Bell" stocks which have been held by you for the partnership since 23 May 1985.

You should also be aware that Mrs. Meese and I received, over the period since May 1985, several dividend checks and stock dividends from the "Baby Bell" companies. We did not deposit these checks. We held them and the stock dividends with the intention of sending them to you for deposit when we received the new stock certificates. The partnership has been terminated, and we are still holding these checks and stock dividends. If you agree that they should revert to us together with the "Baby Bell" stock, as provided in the concluding paragraph of the enclosed document, we will be able to deposit them when the retransfer is completed.

Sincerely,

Edwin Meese III

RE-TRANSFER OF PROPERTY

The undersigned, W. FRANKLYN CHINN (hereinafter known as "transferor"), hereby re-transfers to EDWIN MEESE III and URSULA MEESE (hereinafter known as "transferees"), all right, title and interest to the stocks listed below:

17 shares	Ameritech
17 shares	Bell Atlantic
17 shares	Bell South
17 shares	NYNEX
17 shares	Pacific Telesis
17 shares	Southwestern Bell
17 shares	U.S. West

It is the intention of the transferor and the transferees that the right, title and interest in these stocks that has been held by the transferor since May 23, 1985, pursuant to Attachment A hereto, be re-transferred as of this date to the transferees.

The transferor also transfers to the transferees all right, title and interest to the dividends earned on the above-listed stocks between May 23, 1985 and present.

DATE

W. FRANKLYN CHINN

ATTACHMENT A

TRANSFER OF PROPERTY

The undersigned, EDWIN MEESE III and URSULA MEESE (hereinafter known as "transferors"), hereby transfer to FRANK CHINN (hereinafter known as "transferee") all right, title and interest to the stocks listed below:

17 shares	Ameritech
17 shares	Bell Atlantic
17 shares	Bell South
17 shares	NYNEX
17 shares	Pacific Telesis
17 shares	Southwestern Bell
17 shares	U.S. West

Transferors shall provide to transferee the stock certificates representing the above-listed securities as soon as they are available.

This transfer is made with the understanding that the transferee shall dispose of the above-listed securities in such manner as he, in his sole descretion, deems appropriate and shall transfer the proceeds of such sale to an account maintained by him for the benefit of transferors.

Date

Edwin Meese III

Ursula Meese

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

86 x 3

Letter to a Deputy DAEO dated 4/3/86

This is in response to your letter of March 19, 1986. By your letter, you ask for advice concerning the situation of an official who is a member of a private investment club. The club's portfolio, which is determined by majority vote of the members, includes a small proportionate holding of the securities of an entity which the official would not be permitted to hold directly. This fact-pattern is not expressly provided for by applicable regulations; however, you are considering an amendment to your regulations which would permit such a derivative interest to be retained.

We anticipate that the reporting aspect of the issue you raise will soon be subject to the principles of section 202(f)(1) of the Ethics in Government Act (relating to the reporting of derivative interests). As you are aware, there will be an amendment to Executive Order 11222 under the authority granted by recent legislation which will lead, pursuant to regulations to be promulgated by this Office, to a new confidential financial reporting system which will complement the present public financial disclosure system established pursuant to title II of the Ethics Act. Even though title II rules with respect to the quantification of asset valuations and income items might not be applied in the case of confidential filers, we presume that the basic scheme of that title will be adopted so as to require, pursuant to section 202(f)(1), a listing of assets attributable to a confidential filer through a trust or other financial arrangement, such as an investment club. Accordingly, it is anticipated that the new confidential system would not include a provision equivalent to 5 C.F.R. § 735.404a (relating to interests not required to be reported). You should assume that interests, such as those which are the subject of your inquiry, held through an investment club will be required to be reported.

The substantive issue you raise is a matter within the scope of 18 U.S.C. § 208, as well as the Standards of Conduct. Under well settled precedent, section 208(a) has no de minimis aspect. The operation of that provision may only be ameliorated through the procedures provided for by subsections (b)(1) and (b)(2) of section 208. We feel that a regulatory provision which properly invokes the exemption of subsection (b)(2) should specifically refer to that provision and repeat the statutory formulation of the wording for the determination which that provision requires. The broad effect of the general waiver available under subsection (b)(2) necessitates that it should be used only when there is confidence that the Government's interests will be protected in the array of cases it will apply to because the substantive facts and circumstances in all of the cases will be essentially equivalent. Thus, such a general waiver is appropriate in the case of diversified mutual funds. Mutual funds exist pursuant to an elaborate statutory scheme under the Investment Company Act of 1940. The scheme entails a formal separation between the ordinary shareholder and the managers of the funds. The relationship is

completely impersonal and defined by statute. The standards for a portfolio which is maintained by a diversified fund, as opposed to the concentration permitted a sector fund, are also defined by statute. The portfolios are publicly reported in standard reference materials such as Moody's and announced periodically, not on a trade-by-trade basis. On the other hand, there are no generally accepted or imposed standards with respect to investment clubs. The clubs, in actuality and appearance, present a situation where although the objectives might be quite serious, the setting may be perceived as social or congenial. The facts and circumstances encountered in the management and portfolio policies of investment clubs vary widely and, therefore, there is no essential equivalency between clubs. Our view is that investment clubs are not an appropriate subject for general waivers under subsection (b)(2) of section 208.

Conversely, we feel as a general matter that it could be appropriate for an agency to announce in its regulations that waivers will be granted under subsection (b)(1) on a case-by-case basis when it is demonstrated to the satisfaction of the appropriate agency official that certain types of specified conditions exist - for example, in the case of an investment club that: (i) the portion of the club's equity which is attributable to agency personnel is insignificant, (ii) the club's security portfolio is independently managed by a licensed broker, and (iii) the portfolio is diversified. The regulation should specifically refer to subsection (b)(1) of section 208 and repeat the statutory formulation of the wording for the determination that the agency official would have to make in each case in which the waiver is granted. The situation of self-managed clubs does not seem appropriately amenable to this announcement approach as the Government's interests are more exposed. The opportunity for subsection (b)(1) waivers to be granted pursuant to generally applicable procedures as appropriate situations are encountered and examined would seem sufficient.

While you will realize that the necessity for a consistent approach within the Executive branch to the type of fact-pattern which you have brought to our attention mandates the outcome indicated herein, we do appreciate the individualized impact of this type of solution upon an agency such as yours which is subject to particularized statutory restrictions in addition to those which are generally applicable. It would seem appropriate and consistent with your present treatment of the particularized restrictions to deem any derivative interest, such as those attributable through an investment club, for which a waiver is obtained under section 208(b)(1) or for which an exemption exists by regulation under section 208(b)(2) to not constitute an indirect interest for the purposes of those particularized restrictions.

Sincerely,

David H. Martin
Director